

THE EVOLVING WEST

OVERSIGHT HEARING

BEFORE THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

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OVERSIGHT HEARING ON “THE EVOLVING WEST”

**February 28, 2007
U.S. House of Representatives
Committee on Resources
Washington, D.C.**

The Committee met, pursuant to call, at 10:05 a.m. in Room 1324, Longworth House Office Building, Hon. Nick J. Rahall, II [Chairman of the Committee] presiding.

Present: Representatives Rahall, Bishop, Cannon, DeFazio, Herseth, Inslee, Sali, Napolitano, Pearce, Costa, and Flake.

STATEMENT OF THE HONORABLE NICK J. RAHALL, II, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

The CHAIRMAN. The Committee on Natural Resources will come to order. I welcome our panelists today, and I thank them very much for making the time to come before our Committee. It is especially good to see a former colleague of ours, Pat Williams, with whom many of us have served on this Committee, Pat having represented the State of Montana. Where did he go? He was here. There he is. OK. And another former member and member of this Committee is with us as well, Ray Cagozzi from the State of Colorado. We welcome Ray back to the Committee as well.

As many of you know, I hail from the State of West Virginia. While west is part of its name, the mention of my state does not really evoke quite the same images that come in mind when we think of the west, and while my home state is not part of the region that qualifies as the west, I venture to say that we are probably more alike than we are different. I come from a district where certain counties have as much Federal ownership as do some counties in the west. Where that is not the case, the majority of land in southern West Virginia is owned by absentee corporations.

Logging and mining have shaped our hills and our communities, and we live with their legacy, but more importantly, I think the people of West Virginia and the people of the west have an almost instinctive connection to their landscape, their homeland. Whether it is the red clay soil of the southwest, the hollers of Appalachia, or the jagged edges of the Rockies, our connection to land is deep and it is abiding.

We share a desire to live and work in nature's glory, a desire that is driving changes in my state just as it is driving changes in

the west. Clean air, clean water, open space, extraordinary landscapes and the pursuit of the American dream have drawn the young men to go west for centuries. Today the opportunities to step out your door and hike among red rocks, to seek peace in ancient forests or to fish in a mountain stream are creating a new type of western pioneer.

The people who have come to testify here today are showing that a healthy economy can grow in harmony with a commitment to conservation. Again, I want to thank the panelists, and I look forward to a discussion about what positive role this Committee can play in helping your efforts. And before I recognize those who have traveled afar, it is my honor to recognize the distinguished Ranking Member, Mr. Bishop, for any opening statement he may have.

**STATEMENT OF THE HONORABLE ROB BISHOP, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH**

Mr. BISHOP. Thank you, Mr. Chairman. I appreciate that. Thank you for holding today's hearing. I look forward to hearing from our witnesses. I particularly note three former members of this Committee: The gentleman from Oregon, Mr. Walden, the gentleman from Montana, Mr. Rehberg, and the gentleman from California, Mr. Nunes, who are here to testify, as well as I believe Mr. Herger from California, who will join us momentarily to speak about how their resource-dependent communities are affected by the Federal Land Management policies.

It appears the premise of our hearing today is as the west becomes more urbanized, our domestic natural resource industry becomes less important and can be replaced by tourism and high-tech industries. I believe this premise is somewhere between a gross oversimplification and just plain dead wrong analysis.

The U.S. Geological Survey finds that 67 percent of my State of Utah and almost 57 percent of my district are owned by the Federal government, but at the same time, my district is commonly defined as being 90 percent urban. So I approach this issue of the evolving west based on my professional experience of 28 years as a public school teacher. I support public policies that are good for kids and for parents.

Most states are greatly challenged in funding public education, but this has reached a crisis level in some states, particularly in the west. If you draw an imaginary line from Montana down to New Mexico, the 12 states that are west of that line are public land states. Fifty-two percent of all their land is controlled by the Federal government as opposed to 4 percent for the rest of you. If one does not live between the Rockies and the Cascades and attempts to create a public policy in that area, it is really impossible to fully understand this impact.

Of the 15 states with the slowest growth rate in funding education, 11 are public land states. Of the 15 states with the largest class size, 9 of those are public land states. The western public land states collect more taxes in Federal, state and local taxes than the rest of this nation, and they spend a greater portion of their budgets on education than the rest of this nation, but they simply cannot make it work, and the only common denominator in this

situation is the amount of land owned by the Federal government in each of these struggling western states.

If the Federal land were taxed at the lowest possible rate, the green space rate, it would generate \$4 billion a year in revenue nationwide. In my State of Utah, if the Federal government paid the lowest average tax for this land, it would generate \$214 million a year of which under our state funding formula \$116 million a year would go to education. If my state had that type of money, we could pay decent salaries to teachers, reduce western class size, and have enough money left over to fully fund all the Federal programs in education and tell the Federal government to take No Child Left Behind and shove it.

This funding inequity was not supposed to happen. If one reads the enabling acts of every western state except Hawaii, this was not supposed to be the way western lands were treated. Congress changed its philosophy almost 60 years ago. Starting in the 1950s, we changed our approach to western lands until today we accept this as the situation of the norm. We should not. To accept the situation is to condemn my fellow teachers to a life of poverty.

My first check, my first salary, was \$8,000 a year as a teacher. Twenty-eight years later, if I did enough stomps, I could maybe get it up to 40 grand a year, and if we accept this policy, it also takes my grandkids into a second-rate education situation. Our land policies hurt kids, and those who wish to acquiesce to the status quo or build new paradigms based on technology and tourism simply exacerbate the situation. Tourism will not fund education in the west.

The future of our kids and their education depends on creating a more profitable business that pays taxes, employs their parents. We must indeed need a new paradigm shift but one that accepts the status quo as simply unacceptable.

Let me cite one new business in San Juan County in Utah, a county that is recently ranked as one of the poorest in the nation. The Lisbon Valley Copper Mine, owned and operated by the Constellation Copper Company, began production last year. This mine is expected to produce the following tax revenues in this year, 2007, assuming the copper rate stays basically where it is today. Property taxes will be \$780,000; severance tax, \$1.2 million; Utah sales tax, \$2.8 million; income tax, both Federal and state, \$8 million; a total tax for this year of \$13.1 million.

An estimated 10-year lifespan of the mine would assume \$131 million in taxes. Tourism and high tech cannot equate to this level of potential funding, and to ignore this reality hurts education of western kids, and it is unacceptable.

The mine's payroll will be estimated at \$10.2 million, including benefits. Over a 10-year lifespan, that is approximately \$102 million in wages and benefits. That equates to an annual wage of \$73,000; excluding benefits, a base wage of \$54,000 per employee; the average hourly rate between \$12 and \$21 per hour, not including benefits and depending on the position and skill level.

I understand this is approximately twice the going rate for tourism industry, not including the benefit packages which the mine offers to the employees, including health, dental, life, 401[k], et cetera, and which the tourism industry simply cannot match.

Mine employees will pay income taxes on their wages and sales taxes on their personal purchases. If we assume an average tax bracket of 25 percent for the employees, that is roughly \$2 million annually in income taxes and \$20 million over a 10-year span of the mine.

This year alone, the mine anticipates the purchases of approximately \$45 million in goods and services locally. Over a 10-year lifespan, that is \$450 million in purchases of goods and services. This demand for goods and services creates secondary jobs, contractors, fuel, truck drivers, salesmen, suppliers, manufacturers, not including the demand for local goods and services created by disposable income of employees spent on food and clothing and housing and transportation in local communities. A paradigm shift that does not recognize the need of this type of industry in the western balance hurts kids and is unacceptable.

Besides these powerful economic arguments, the mine has brought a new set of educational professionals to rural western communities of Moab and Monticello. These include biologists, mining engineers, process engineers, geologists, environmental engineers, accountants, and many of them with kids and most of them are involved in the community.

It brings an awareness, indeed a new perspective to the communities that did not exist previously which enhances the educational experience available to local kids and adults like. The mine has established local scholarships for high school graduates pursuing a college education. It encourages job training for graduates who seek employment either at the mine or with one of its suppliers, and for those graduates who wish to remain in or near their rural western communities with roots, the diverse opportunities are provided.

A paradigm shift that does not provide real jobs for these kids of the west hurts those kids and is simply unacceptable. Mr. Chairman, the future of our kids and their education in the west depends on new industries like the Lisbon Valley Copper Mine. I challenge the presenters today to tell me how they will help education in the 12 public land states, really help them and not with simply idealistic numbers. And I also challenge the presenters today to recognize the west is more than the recreational playground of the east, and my friends and family deserve the chance to live the American dream of ownership, good jobs and control of their own destinies without the harassment of the heavy-handed Federal government or idealists.

And I look forward to working with you, Mr. Chairman, on the policies that promote this goal. I bet you wish Don Young was here right now, do you not?

The CHAIRMAN. Before recognizing our panel of Members of Congress, the Chair will ask unanimous consent that all members' opening statements, if they so desire, be made part of the record at this point. Without objection, so ordered.

And the Chair will now recognize our colleagues. From left to right as they are sitting at the table, from my left to right, is Congressman Greg Walden from Oregon's Second District, Congressman Dennis Rehberg from Montana, and Congressman Devin Nunes from California, 21st District. Gentlemen, you are welcome

to proceed as you wish. Each will be recognized for five minutes, and your statements will be made a part of the record.

STATEMENT OF THE HONORABLE GREG WALDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. WALDEN. Thank you very much, Mr. Chairman. I am Greg Walden. I represent the people of Oregon's vast second district in the U.S. House of Representatives. I appreciate your holding this hearing today on the evolving west, and before I get into my prepared remarks, I would be remiss if I did not make the top of the agenda the need to ask for your earliest consideration on a hearing and action on H.R. 17, the reauthorization of the Curry County roads and schools legislation of which you are a sponsor, as you were last year.

Counties in most of the west are suffering dramatic cuts in their budgets right now. Teachers are being given pink slips. Libraries are going to close in the most populous county in my district in April if we do not act in this Congress to keep a promise that has been made to these counties since Theodore Roosevelt basically created the forest reserves 100 years ago. So I would encourage the earliest possible consideration in this Committee as we did in 2005 to move that legislation forward.

The fact that the west is changing is certainly not a new revelation. Changing technologies, economies and demographics have always affected the social, political and even natural landscape. In some cases, these changes are beneficial to the environment and the human condition, and in some cases, they are not.

For example, as Federal grazing allotments disappear due to increased litigation and regulation, many ranchers find that they do not have enough of their own private base property to run a herd of sufficient size to remain profitable. Consequently, those ranchers then subdivide and sell their land for an unsustainable revenue stream, and the west loses another piece of its prized open space. It is a true lose-lose situation.

The influence that politicians and Federal employees in Washington, D.C., have over the lives of westerners through land regulation is unimaginable to many in the east. In my own Oregon district, more than 50 percent of the land base is owned by the Federal government. As laws and regulations concerning Federal land management are churned out from within the beltway, westerners feel their impact most intently. I would like to name just a few of the laws which our Federal land management agencies and local communities must deal with.

The Forest and Rangeland Renewable Resource Planning Act of 1974, the National Forest Management Act of 1976, the Federal Land Policy and Management Act of 1976, the Forest and Range-Renewable Resources Research Act of 1978, the Cooperative Forestry Assistance Act of 1978, the Wilderness Act of 1964, the National Environmental Policy Act of 1969, the Federal Advisory Committee Act of 1972, the Endangered Species Act of 1973, and the Clean Water Act of 1977, just to name a few.

Now individually each of these laws can provide important environmental safeguards, but collectively they intertwine and overlap in often contradictory ways that make it nearly impossible for

Federal land managers, local elected officials, partnership groups and private citizens to navigate. Even simple decisions are vulnerable to lawsuits on procedural grounds, and the result is legal gridlock.

In a speech he delivered in Salt Lake City 100 years ago, President Theodore Roosevelt spoke of the purpose of the forest reserves, public lands and the need for local support to ensure this new Federal policy would work. He said, and I quote, "Almost every industry depends in some more or less vital way upon the preservation of the forest, and while citizens die, the government and the Nation do not die, and we are bound in dealing with the forest to exercise the foresight necessary to use them now but to use them in such ways as will also keep them for those who are to come after us."

"The first great objective of the forest reserves is, of course," according to President Theodore Roosevelt, "the first great objective of the whole land policy of the United States, the creation of homes, the favoring of the homemaker." Those were his words when he created the forest reserves.

In 1986, the national forests in my district produced a timber sale program of 2.26 billion board feet as a value of about \$213 million, a quarter of which went to the local communities for schools and roads. Twenty years later, in 2006, the timber sale volume was a mere 198 million board feet worth revenues of \$17 million, less than 10 percent of the 1986 levels. The loss of family wage jobs and the impacts on many local economies and their basic community infrastructure has been dramatic.

The collapse of the timber sale program and the resulting job losses were felt across the Nation in counties near national forests, as can be seen in the first chart I have here. Annual nationwide Federal land harvest averaged about 11 billion board feet for decades, dropping to below 2 billion board feet in the 1990s. Now, as less wood from national forests in the United States became available, did Americans consume less wood products? The answer obviously is no.

As we can see in the second chart, this need for wood was met by increasing imports to record levels, largely from countries with poor environmental policies and safeguards. Were job losses in rural America necessary? Is it necessary for us to ship our jobs overseas and then rely on foreign natural resources from countries that lack sound environmental standards?

As you can see on the third chart, long before 1986, national forest growth had begun to exceed harvest beginning in the 1930s. In fact, on the fourth chart, it is evident that not only has growth exceeded harvest, but mortality in our forests has exceeded harvest as well. Many more trees are dying on our national forest than are being harvested. The rest of the story unless you have been a hermit for the last few years was not just predictable but inevitable.

So, on the fifth chart, you can see that the explosive increase in forest fuels combined with drought has resulted in a huge increase in the number and size of catastrophic wildfires to a record-breaking 10 million acres last year, and we spent a billion and a half of Federal taxpayer dollars to extinguish these fires. Teddy Roosevelt was many things, but principal among them, he was a man

of action. If he were here to join us today, I hardly believe he would be pleased to know that 190 million acres of his Federal forest reserves are now subject to catastrophic wildfire, disease and bug infestation.

Let us not defend a system that allows a symphony of fiddlers to tie us up in Court for years while bugs devour our forests and fires ravage our communities and pollute our air sheds. Let us not defend a system so complicated that it takes three times longer to remove a burned dead tree than to rebuild the Pentagon, and let us not forget that we have the power and the responsibility to correct things. Too often my colleagues in Congress blame agencies and the Courts for what we see is wrong, and yet we are the writers of the laws. We are the ones in power to solve problems. The time has come for us to do the heavy lifting.

Finally, healthy communities, healthy forests and healthy range-lands do go hand-in-hand. If we are to see broad and long-term stewardship success, Congress must step up to the plate and pass laws that allow for thoughtful, quick and active stewardship of our Federal lands. In my lifetime, I have seen much change in the west. There has also been much that has remained constant: A general sense of individual responsibility and independence, the neighborly kindness, a strong work ethic and a genuine appreciation and respect for the natural environment.

As your Committee and the rest of us in Washington discuss issues and pass laws that affect the west, may we always be mindful that our actions often weaken the basic strengths that make the west uniquely the west. I thank you for holding this hearing and for your indulgence with my testimony this morning, Mr. Chairman. It is an honor to be back before the Committee on which I served for eight years. Thank you.

[The prepared statement of Mr. Walden follows:]

Statement of The Honorable Greg Walden, a Representative in Congress from the State of Oregon

Chairman Rahall, Mr. Young and Members of the Committee, I appreciate the opportunity to testify here today on The Evolving West—a subject involving vast and innumerable issues. Hopefully today I can shed some light on at least a few of them.

The fact that the West is changing is not a new revelation. Changing technologies, economies, and demographics have always affected the social, political and even natural landscape. In some cases these changes are beneficial to the environment and the human condition; in some cases they're not. On the "not" side, for example, as federal grazing allotments disappear due to increased litigation and regulation, many ranchers find that they don't have enough of their own private, base property to allow them to run a herd of sufficient size to remain profitable. The result is that many ranchers have to find other sources of revenue, often involving the subdivision and sale of their land. This revenue stream is obviously not sustainable in the long run, affecting the economics of local communities, but is also a major contributor to the loss of open space and the broad undeveloped vistas so emblematic of the western landscape.

In the West—my State of Oregon and the Second Congressional District, in particular—one of the most obvious and overriding influences is land ownership. In my district, over 50% of the land base is owned by the federal government. In other words, politicians and federal employees in Washington, D.C. have an influence over my constituents unimaginable to most in the East. As laws and regulations are churned out from within the beltway, westerners feel their impact most intensely, particularly those concerning the management of federal lands. I'd like to name just a few of the laws which our federal land management agencies and local communities must deal with:

- The Forest and Rangeland Renewable Resources Planning Act of 1974;

- The National Forest Management Act of 1976;
- The Federal Land Policy and Management Act of 1976;
- The Forest and Rangeland Renewable Resources Research Act of 1978;
- The Cooperative Forestry Assistance Act of 1978;
- The Wilderness Act of 1964;
- The National Environmental Policy Act of 1969;
- The Federal Advisory Committee Act of 1972;
- The Endangered Species Act of 1973;
- The Clean Water Act of 1977.

Individually each of these laws provides important environmental safeguards, but collectively they intertwine and overlap in often contradictory ways that make it nearly impossible for federal land managers, local elected officials, partnership groups, and private citizens to navigate—even simple decisions are vulnerable to lawsuits on procedural grounds. The result is legal gridlock.

In a speech he delivered in Salt Lake City 100 years ago, President Theodore Roosevelt spoke of the purpose of the forest reserves, public lands and the need for local support to ensure this new federal policy would work. Let me share with you his words from that day:

"Almost every industry depends in some more or less vital way upon the preservation of the forests; and while citizens die, the government and the nation do not die, and we are bound in dealing with the forests to exercise the foresight necessary to use them now, but to use them in such a way as will also keep them for those who are to come after us.

The first great object of the forest reserves is, of course, the first great object of the whole land policy of the United States—the creation of homes, the favoring of the home-maker. That is why we wish to provide for the home-makers of the present and the future the steady and continuous supply of timber, grass and above all, of water. That is the object of the forest reserves, and that is why I bespeak your cordial cooperation in their preservation.

Remember you must realize, what I thoroughly realize, that however wise a policy may be it can be enforced only if the people of the States believe in it. We can enforce the provisions of the forest reserve law or of any other law only so far as the best sentiment of the community or the State will permit that enforcement. Therefore it lies primarily not with the people of Washington, but with you, yourselves, to see that such policies are supported as will redound to the benefit of the home-makers and therefore the sure and stated building up of the State as a whole."

In 1986 the national forests in my district produced a timber sale program of 2.226 billion board feet at a value of about \$213 million, a quarter of which, \$53 million, went to the local counties for schools and roads. Twenty years later, in 2006, the timber sale volume was a mere 198 million board feet worth revenues of \$17 million, less than 10 % the 1986 levels. The loss of family wages and the impacts on many local economies and their basic community infrastructure has been dramatic. For example, unemployment in Grant County, Oregon is currently 9.8%. There are areas in my district which are doing just fine but many others continue to feel the stinging loss of family wage jobs and have no economic diversification in reach.

The collapse of the timber sale program and the resulting job losses weren't restricted just to my district but were felt across the country in nearly all counties near national forests, as can be seen in the first chart I have here: annual nationwide federal land harvest averaged around 11 billion board feet for decades, dropping to below 2 billion board feet in the 1990's.

As less wood from national forests became available did Americans consume less wood? No. As we can see on the second chart, this need for wood was responded to by increasing imports to record levels, largely from countries with poor environmental policies and safeguards. Were job losses in rural America necessary? Is it now further necessary for us to further ship our jobs overseas and rely on foreign natural resources? Let's look at the data.

As you can see on the third chart, long before 1986, national forest growth had begun to exceed harvest, beginning in the 1930's. In fact, on the fourth chart it is evident that not only has growth exceeded harvest but mortality has exceeded harvest as well. Many more trees are dying on our national forests than are being harvested. The rest of the story, unless you've been a hermit for the last few years, was not just predictable but inevitable.

On the fifth chart you can see that the explosive increase in forest fuels, combined with drought, has resulted in a huge increase in the number and size of catastrophic wildfires—to a record breaking 10 million acres last year.

In the words and actions of President Teddy Roosevelt we can still hear the echo of balance and multiple use; of providing for the needs of that day, and for the needs of the future.

Teddy Roosevelt was many things, but principal among them he was a man of action. And if he were to join us today, I hardly believe he would be pleased to know that 190 million acres of the federal forest reserves are subject to catastrophic wildfire, disease and bug infestation.

This Rough Rider of a President would throw a fit if he knew we were losing more than 4,500 acres a day to the spread of noxious weeds.

The man who charged up San Juan Hill would never stand for the gridlock that has overtaken the ability of the educated and trained public land management professionals to effectively steward our natural resources and special places. And neither should we.

Let us not defend a system that allows the symphony of fiddlers to tie us up in court for years while bugs devour our forests and fires ravage our communities.

Let us not defend a system that is so complicated that it takes three times longer to remove a burned, dead tree than to rebuild the Pentagon.

And let us not believe that we lack the power to change things.

Gridlock; litigation; divisiveness; process predicament; and polarization—these are words and phrases that describe public lands issues today.

Not only do we have the power to affect change, but also we have the solemn responsibility to identify what is wrong, engage the public in finding solutions and then take the action necessary to bring about a better policy.

Too often my colleagues in Congress blame agencies and the courts for what we see as wrong. And yet, we are the writers of the laws. We are the ones empowered to solve problems. And the time has come for us to do the heavy lifting.

There are many factors that have contributed to the creation of this state of affairs, such as:

- An inconsistent and often contradictory “crazy quilt” of laws and regulations, as former Forest Service Chief Jack Ward Thomas aptly put it;
- An increasingly urban population that in the East is far removed from forest realities;
- A well-funded environmental political industry that aggressively opposes active forest management;
- And an indecisive, if not bi-polar, Congress.

Yes, the West is changing, not just because of changing demographics, but largely as a result of federal policies and judicial decisions which keep our forest and rangeland professionals from managing forests. Healthy communities, healthy forests and healthy rangelands go hand in hand. If we are to see broad and long-term stewardship success, Congress must step up to the plate and pass laws to allow for thoughtful, quick, and active stewardship of our federal lands.

In my lifetime, I've seen much change in the West, but there has also been much that has remained constant; such as a general sense of individual responsibility and independence, a neighborly kindness, a strong work ethic, and a genuine appreciation and respect for the natural environment. These may be broad generalities, but I think they are mostly accurate and help to define the West not as just a segment of the country but also as a unique place with its own sense of character and beauty.

As your Committee, and the rest of us in Washington, discuss issues and pass laws that affect the West, may we always be mindful that our actions often weaken the basic strengths that make the West uniquely the West.

Thank you for your time.

The CHAIRMAN. I assume you want to go in the order in which you all arrived here this morning. Denny, do you want to go next? It is up to you.

Mr. WALDEN. And, Mr. Chairman, if I may, I have another hearing I am supposed to be at if I may be excused.

The CHAIRMAN. Sure.

Mr. WALDEN. Thank you.

The CHAIRMAN. You are welcome to leave, I mean, if you want.

Mr. WALDEN. Thank you, sir.

**STATEMENT OF THE HONORABLE DENNIS R. REHBERG, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF
MONTANA**

Mr. REHBERG. Thank you, Mr. Chairman, and for the record, I am Congressman Denny Rehberg. I represent the entire State of Montana, probably one of the most rural states, perhaps second only to maybe South Dakota, North Dakota, Wyoming and Alaska. I am pretty proud of our background, pretty proud of where we want to go in the future, and that is I guess where I want to talk a little bit today, and that is the unfortunate chasm that has been created between the old economy and the new economy.

By definition or by description, I was told today that the hearing was to highlight the positive impact of the ongoing trends of sound resource conservation with a robust economic development. Unfortunately, I do not want to necessarily be the skunk in the party, but the difficulties or the realities or perhaps even the myth that there is robust economic development is perhaps truly a myth.

The difficulty is the immutable laws of government are if it moves, tax it; if it still moves, regulate it; and when it finally quits moving, subsidize it. We find ourselves in a situation where our energy industries over the course of the last centuries have been the economic engine that have driven this country, but we have either taxed it or regulated it to extinction.

I hope that the future of this Committee will be to look at the opportunities to break down some of the barriers as I think we have done within the State of Montana, and I am honored to be sitting in front of two gentlemen that I know are going to talk a little bit about Montana. One is Governor Schweitzer and the other is former Congressman Pat Williams, who I remember when I staffed this Committee 25 years ago, he was the last member of the Committee. He told me this morning that they added a seat for him, he was so far down in seniority, and you are still here, Congressman Rahall. You have lasted all those years.

What we did in Montana that I think that the Federal government could learn from is a couple of different aspects, one of which is we created a consensus council, and I have introduced legislation that has not gotten very far. I hope you will take a look at it, Mr. Chairman. The consensus council is a recognition that energy policy within this country, if we even have one, is very emotional and controversial. People support reform as long as it does not change anything.

If you begin to talk about the Endangered Species Act, people see boogymen. Whether it is working or not, we do not want to make the appropriate changes. We look at Clean Water laws and make a determination, are they in fact keeping us from developing sensible alternatives to energy, and the difficulty is oftentimes the laws and regulations that have been created are conflicting and duplicative.

The consensus council gives us an opportunity currently at the state level, hopefully at the Federal level, of an opportunity to sit down and before we divvy into corners and sue each other out of those corners to find commonality so we can actually move forward with some kind of a sensible policy, a holistic approach if you want

to call it that, to energy policy, because, frankly, one way or another we are going to need the energy in this country.

That is one of those truisms that is going to occur. It is just as true with supply and demand, and the worst decisions are made on energy policy when it is made in the crisis situation during the middle of a gas crisis, during the middle of blackouts or brownouts. We have all been a part of that, and we know that some of the worst decisions are made during those periods.

The second thing we did in Montana that I think is necessary both to the Presidential and Executive level but also at the Congressional level is to take a look at the conflicting agencies and policies and set politics aside, Republicans and Democrats alike, and make a determination. Do we have too much review and, if so, rather than trying to portray it as lessening the opportunity for the public to have input say we want the same level of input, but we only want it to go through one agency?

When I was Lieutenant Governor in Montana, we had three agencies that reviewed energy policy. We had the Department of Health, the Department of State Lands and the Department of Natural Resources. That did not make sense. One agency would get done reviewing. It would move to the second. It would make a change. The first one had to go over that change. By the time you got to the third, well, time is money. That is another one of the truisms. People make decisions based upon economics. That is not necessarily the right thing to do, but it is a fact.

And so the difficulty we have in the State of Montana is we get to the altar, but we never quite say the vows. We have so many rules and so many regulations and so many laws that are conflicting that ultimately businesses throw up their hands and say it is not worth it.

One of the interesting scenarios is we always have a tendency to want to talk about outsourcing without looking at the true cost or the true reason for the outsourcing, which is the basis of the discussion that I think the Committee ought to spend a lot of time on, and that is making a determination: Are the costs outweighing the benefits in the United States, and are we becoming dependent on foreign sources because we have created barriers for sound environmental and economic policy of natural resource production?

So I think there are a lot of things that this Committee can look at. I would rather than look at the cup as half full look at it as half empty. Congressmen do not come to Washington, D.C., and Congresswomen, to fix things that are going right. They fix things that are going wrong. So, rather than trying to highlight the positives, I think that we really need to get down to the basics of what is creating the problem in this country: Do we have an energy policy? Can we fix it by eliminating much of the duplication? And the consensus-building process is something that I hope this Committee will seriously look at through legislation. Thank you.

STATEMENT OF THE HONORABLE DEVIN NUNES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. NUNES. Thank you, Mr. Chairman. I appreciate the opportunity to testify today on the evolving west. As you know, the west

was built by rugged individuals, many of whom worked in the forest, hard rock mining, irrigated agriculture and public land ranching and the production of fossil fuels. These folks were integral in helping the United States win two World Wars, put a man on the moon and generate energy resources for our robust economy. These folks are proud to call the west home.

For generations, they have treasured their natural resources not only for economic activity but for recreational, social and cultural pursuits. They strongly feel that they can be better stewards of the land than someone who reads about the west in The New York Times or works from an environmental law office in Washington, D.C. The west is changing but much by force. So-called environmental organizations have waged aggressive fundraising campaigns and endless litigation to scare people and judges about environmental degradation.

These practices and their not-in-my-backyard campaigns have significantly raised the costs associated with economic development, played a huge role in outsourcing, and turned traditional western recreational pursuits upside down. In its most basic terms, the west is experiencing the consequences of Federal, state and local government policies that limit economic development.

By way of example, in 2005, it was reported that more than 30 environmental and regulatory impairments were stalling domestic natural gas production, yet we continue to experience significant growth in demand. With that said, it may come as a surprise to many Americans that approximately 40 percent of our domestic supply of natural gas is off limits. Federal laws, including the Coastal Zone Management Act, Endangered Species Act put restrictions and barriers that are an impediment to develop these essential resources.

Radical environmentalists as well as many other extremists activist groups spearheaded opposition to policies that benefit Americans. Some of this is like coal-fired power plants, plants that can use clean coal technology that can be funded by our abundant domestic supplies of coal not only in the west but even in your State of West Virginia, Mr. Chairman.

Close to home, they have opposed new water supplies, water storage facilities, and even one environmentalist went on to say that this was the dumbest dam in America, a dam in my district. This was truly an enlightening comment for those of us that do not have enough water in the west. Some of the environmental groups have chosen to elevate salmon over the livelihood of my constituents. Some folks have said that the pending San Joaquin River settlement which will be before your Committee, Mr. Chairman, is a model of collaboration throughout the west. They are wrong.

True collaboration happens when parties try to work together from the beginning, not through litigation and an activist judge. I might add that the restoration may end up costing the taxpayers two and a half billion dollars and will result in no fish returning back to the river that they are trying to revet and restore a chinook salmon run. Two and a half billion dollars later, there will be no salmon.

It is issues like these that have darn near destroyed the economy in my district and left my constituents shell-shocked. Folks are

afraid to open businesses, develop a farm or build necessary public infrastructure under the fear of being sued. We are a battered community on the brink of extinction. Some of this room will claim that this is an exaggeration, but the Congressional Research Service has provided us facts.

Three years ago, I and six of my colleagues in a bipartisan effort asked CRS to do a report on our area. This area is greater than 10 states, and it has a population greater than 23 states. It has the highest unemployment rate of any state and the lowest per capita income. Additionally, the region has the highest percentage of people living below the poverty line and the worst air quality in the nation, and not to mention that doctors per hundred thousand people are lower than any other state in the country.

Mr. Chairman, I request that this study be included in the record. I think it is a study that is worthwhile to have in the record. And I would like to put up a chart now that compares the San Joaquin Valley to Appalachia, which is up there now, and we can see that there are \$2,000 less per capita spent, Federal money spent below the national average. That is \$1,000 less than the Appalachia region. Furthermore, the poverty rate is nearly 10 percent higher and 7 percent higher than the Appalachia region.

Consequently, it defies the imagination why some folks here today advocate policies that will vilify my constituents and send their jobs to third-world countries with abysmal environmental records. While we adopt environmental policies in the United States that thwart irrigated agriculture, livestock grazing in public lands, we increase the drive for environmental destructive burning and clearing of fragile rain forests in Brazil and Asia.

Our country has the best environmental record in the world, and it improves every day. I suggest that those who have the west under siege turn their sights on nations that intentionally destroy the environment for economic gain and give my constituents the credit they deserve for being good stewards of the land.

Mr. Chairman, collaboration is great only when people work together from the beginning, but the so-called collaboration of the environmental movement threatens to create two societies in the west: the haves and the have nots. Thank you, Mr. Chairman.

STATEMENT OF THE HONORABLE WALLY HERGER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. HERGER. Thank you, Chairman Rahall, and Congressman Bishop, and other members for holding today's hearing on the relationship between western communities and natural resources on public lands. In my home State of California, a human environmental tragedy of incredible proportions is brewing in our national forest unless action is taken to restore forest health. A century of fire suppression and now decades of legal restrictions on forest thinning have left forests overcrowded and susceptible to catastrophic wildfire.

In parts of my district where 50 to 70 trees per acre were the historic norm, there are now 500 to 700 trees per acre, approximately 10 times as many. Modern fires are not like the natural low-intensity fires which burn close to the ground. Today's fires

engulf the entire forest from the floor to the canopy, destroying virtually everything in their path.

For example, the 2003 southern California fire destroyed 750,000 acres and led to 30 fatalities. We desperately need to mechanically thin these unhealthy stands if we are to protect at-risk communities and watersheds. A hands-off approach to forestry has brought year after year of historic devastation. Taxpayers now pay billions of dollars to fight fires that could have been prevented throughout active forest thinning.

Forest management traditionally brought revenues into the Treasury and shared 25 percent of proceeds with county schools and roads, but appeals and lawsuits have virtually halted any thinning from occurring, and rural schools have been devastated as a result. Unless Secure Rural Schools, a temporary program designed to rescue counties from declining thinning receipts, is reauthorized, counties like Siskiyou County in my district will experience a 91 percent cut from what they receive under current law.

The good news is the face of the environmental catastrophe is that westerners are taking matters into their own hands. In the early 1990s, a citizens group consisting of local environmentalists, forest professionals and elected officials met at the nearby public library to seek common ground. This organization dubbed the Quincy Library Group was founded upon the realization that the environment, local communities and forest jobs have a mutually beneficial relationship. They concluded that protecting forests and communities would be impossible without mechanically thinning unhealthy forest stands.

The program they developed was designed to pay for itself by supplying wood products to local mills. This grassroots vision was turned into bipartisan legislation which I sponsored along with Senator Dianne Feinstein. The QLG members walked the halls of Congress championing their legislation as a solution to the timber wars that had torn western communities apart.

Congress responded by passing this legislation on a near unanimous vote, and the bill was signed into law by President Clinton in 1998. It was thought that the five-year QLG pilot program could be expanded throughout the west, but regrettably it has been to a large extent held up by a small group of forest extremists. However, the work that has been done demonstrated that the QLG concepts are beneficial for the forest and local community. Catastrophic fire that ran into QLG-type areas dropped to the forest floor to mimic a more historically consistent fire.

Mr. Chairman, thank you again for holding today's hearing and for allowing me to testify.

[The prepared statement of Mr. Herger follows:]

**Statement of The Honorable Wally Herger, a Representative in Congress
from the State of California**

Chairman Rahall and Ranking Member Young, thank you for holding today's hearing on the relationship between western communities and natural resources on public lands.

In my home State of California, a human and environmental tragedy of incredible proportions is brewing in our National Forests unless action is taken to restore forest health.

A century of fire suppression, and now decades of legal restrictions on forest thinning, have left forests overcrowded and susceptible to catastrophic wildfire.

In parts of my district, where 50 - 70 trees per acre were the historic norm, there are now 500 - 700 trees per acre—approximately ten times as many!

Modern fires are not like natural low-intensity fires, which burned close to the ground.

Today's fires engulf the entire forest, from floor to canopy, destroying virtually everything in their path.

For example, the 2003 Southern California fire destroyed 750,000 acres and led to 30 fatalities.

We desperately need to mechanically thin these unhealthy stands if we are to protect at-risk communities and watersheds.

A “hands-off” approach to forestry has brought year after year of historic devastation.

Taxpayers now pay billions of dollars to fight fires that could have been prevented through active forest thinning.

Forest management traditionally brought revenue into the Treasury and shared 25 percent of proceeds with county schools and roads. But appeals and lawsuits have virtually halted any thinning from occurring and rural schools have been devastated as a result.

Unless “Secure Rural Schools”—a temporary program designed to rescue counties from declining thinning receipts—is reauthorized, counties like Siskiyou County in my district will experience a 91 percent cut from what they receive under current law!

The good news in the face of this environmental catastrophe is that Westerners are taking matters into their own hands.

In the early 1990s, a citizens group consisting of local environmentalists, forest professionals, and elected officials met at the nearby public library to seek common ground.

This organization—dubbed the “Quincy Library Group”—was founded upon the realization that the environment, local communities, and forest jobs have a mutually beneficial relationship.

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This grassroots vision was turned into bipartisan legislation which I sponsored along with Senator Dianne Feinstein. QLG members walked the halls of Congress championing their legislation as a solution to the “Timber Wars” that had torn western communities apart.

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Catastrophic fire that ran into QLG-type areas dropped to the forest floor to mimic a more historically consistent fire.

Mr. Chairman, thank you again for holding today's hearing and for allowing me to testify.

The CHAIRMAN. We thank our colleagues for being before the Committee today, and we will now proceed to our next panel. The Committee is very happy to have with us today the Governor of the State of Montana, Brian Schweitzer. Governor Schweitzer became the twenty-third Governor of the great State of Montana on January 3, 2005. He was raised on his parents' registered cattle ranch in the Judith Basin in Montana. His parents still farm near Geyser. He earned a B.S. degree in international agronomy from Colorado State University and later earned a master of science degree in soil science from Montana State University.

It is very clear to the Nation in fact that the Governor has promoted a vision for his state that capitalizes on the job opportunities in environmental restoration and the economic importance of

resource conservation. Governor, we are very appreciative that you took the time and effort to be with us today. We welcome you.

**STATEMENT OF HON. BRIAN SCHWEITZER,
GOVERNOR, STATE OF MONTANA**

Governor SCHWEITZER. Thank you, Chairman Rahall. I thank you Ranking Member Bishop. And if I may as a point of privilege, even though I have very little here, I would like to say hello to my neighbor from South Dakota, Stephanie.

I am indeed honored to be before you here today, and I heard mention of my hero, Teddy Roosevelt, who indeed was a Republican President, but he understood 100 years ago that the greatest legacy that we can grant to the next generation is clean water, clean air and open spaces. For 100 years, Democrats and Republicans alike can agree that the greatest value, greatest American value, is to offer the next generation a clean environment.

So I would suggest before we go into anything else, let us make sure that we maintain these lands that President Roosevelt understood were important to pass along to the next generation. Let us not sell them.

Two and a half years ago, my good friend, John Bollinger, who is a Republican, and myself decided that we would try a new role for politicians in Montana. We would work together. So, as a Democrat and a Republican, we ran together, Governor and lieutenant Governor, and we simply asked the people of Montana whether they agreed with us that Democrats and Republicans could agree on some principles. So far they have said yes.

When the first official expedition came to Montana, Lewis and Clark came to Montana, and they described in their journals the remarkable prairies, the wonderful rivers, the mountains, the wildlife, and then they described the Crow, the Assiniboine, the Blackfeet, the Salish, and they found that the people who have lived on that land for 10,000 years have a notion about sustainability. Their leaders, elders, always consider not just the next generation when they make a decision, not just their grandchildren and their grandchildren's children, they consider the consequences for seven generations, and with that kind of leadership, they were able to live in the western United States sustainably for 10,000 years. We could learn a thing or two from the people who have lived there for so long.

Later the settlers came. First the miners, the loggers, the ranchers, and then the homesteaders like my grandparents. They came here with nothing more than the clothes on their back and high hopes and faith in God and the belief that they could make their way on this rugged landscape. Many were successful. Most were not. The miners came in many cases not to stay but to hit it rich and go home.

So it should not surprise us that as we look across the landscape of the Rocky Mountains and the western United States, we find many examples of where we mined in the wrong way. We have learned from those mistakes in the past, and indeed we found that there are good economic opportunities in cleaning up the mistakes that have been made in the past. While we clean up some of these mine mistakes and while we log in a much more sustainable way,

we are finding that these technologies can be exported around the world.

We are finding that these technologies that we are developing are cherished by other economies. I have been to more than 30 countries around the world, and I have found that the kinds of mistakes that we have made in the western United States have been made even sooner in places in Asia and Europe. And this sustainable restoration economy that we are developing in the western United States is not only good for business in Montana, it is good for business around the world as we export these technologies.

Over 100 years ago, Montana was coined the Treasure State, and those who first called us the Treasure State called us the Treasure State because we have gold and silver, platinum and palladium and more coal than any other state. We have oil. We have gas. But more recently, during the last couple of decades, we found that the real treasure was not the minerals that are contained in the mountain but the mountains themselves, the rivers, the open spaces, the wildlife.

In fact, Montana's economy is growing. We have the lowest unemployment in history. We have created more than 1,000 jobs per month for the last 24 months. We have the eighth lowest taxes in America, and people are coming in large numbers to Montana because of our quality of life. They come there because we have safe communities, good schools, abundant opportunities for hunting, fishing, camping. They start businesses, they prosper, and they build communities. We are changing our economy in Montana, and it is good for business in Montana.

While we have made mistakes in the past, we are recognizing that we will develop energy resources for the future in Montana. Yes, we are mining gold and silver, and we are the only source of platinum and palladium in the western hemisphere. At the same time, we are developing oil and gas. We are one of two states that increased our oil production during the last year. We are also developing our coal resources, but we will develop the coal resources in Montana on our own terms.

We ask that we have a cap and trade system for carbon dioxide. We ask that you give us the tools to produce clean coal technology so that we can produce not only electricity for this country but also clean fuels, ultra clean diesel fuel, aviation fuel coming directly from our coal resources. We refuse to be the boiler rooms of this country. But as your partners, we will produce the energy for the future, and we will continue to have sustainable communities in much the same way as the people who have occupied our lands for 10,000 years. Thank you for this opportunity.

[The prepared statement of Governor Schweitzer follows:]

**Statement of The Honorable Brian Schweitzer,
Governor, State of Montana**

Chairman Rahall and Ranking Member Young, a very sincere thanks for inviting me to address this committee, and allowing me the opportunity to share my experiences as the Governor of Montana with all of you.

President Theodore Roosevelt understood 100 years ago that the greatest legacy we can grant to the next generation is clean water, clean air, and open spaces. Democrats and Republicans alike can agree that conserving the landscape for the next generation is an American value, not a political value.

Two and a half years ago, my good friend Lieutenant Governor John Bohlinger and I took a proposition to the people of Montana. We simply asked if they were ready to accept a Republican and a Democrat working together in the executive branch. Enough people agreed with us, and gave us the opportunity. I continue to be grateful. If I can tell you one thing after serving the people of Montana for just over two years now, it is that they want to see Republicans and Democrats working together.

When Lewis and Clark arrived in Montana and began to describe what they saw, they spoke of a wondrous landscape defined by wide rivers, endless prairies, and stunning mountains. They described the wildlife, the fisheries, and the first Montanans—the Crow, the Assiniboine, the Blackfeet, and the Salish. They found that the first Montanans, these people of the Great Plains who had lived sustainably on this land for 10,000 years, as part of their tradition always considered the future impacts of decisions made today. As a matter of course, each decision made by tribal elders weighed the consequences out to the seventh generation.

The settlers—the miners, the loggers, and the homesteaders like my four grandparents—arrived with nothing but the clothes on their back, high hopes, and faith in God. They plowed the sweat of their brow, the skin from their work-torn hands, and their very souls into the land with the hope that they would create new opportunities for their children and grandchildren.

I mention this because I think we all appreciate the importance of bearing witness to the landscape and legacy we have inherited from all of our ancestors. We know we must be vigilant about leaving enhanced opportunities for future generations.

To that end, I would like to share what we have been able to do in Montana to create both an economic and environmental legacy. During the past 24 months, we've created more than 24,000 jobs. Our unemployment rate is the lowest in history, at 2.8 percent. More people are working in Montana than at any other time in our state's history—and they are working for more money. Average wages in Montana are increasing at a faster rate than in most of the rest of the country. Our emerging economic development is in part a result of pounding the pavement across the country to promote our state as a great place to raise a family and to do business.

When miners first came to Montana, their goal was to find as much metal as they could, and then go back to where they came from. The same was true of the cattle barons. They had no intention of moving to Montana, or of living in Montana. They wanted to get as much grass as they could get in a short period of time, make their herds fat, and leave. So of course they made environmental mistakes. Those of us in the natural resource business—farmers, ranchers, loggers, miners and drillers for oil and gas—realize that we're still living with some of them today.

Some ask, "Why should anybody outside Montana care what was done in your mines and forests 50 or 100 years ago? I explain to them that in Montana we have large mountain ranges that every year capture snow. It's a renewable project. That snow turns into the snowmelt that supplies water to much of the rest of the country. In fact, 50 % of the water stored in the Columbia River Basin system comes from Montana. Seventy percent of the water in the Missouri River comes from Montana snow. You may be interested to know that Montana is the only place in the U.S. where water flows to three different oceans—the Atlantic, the Pacific, and the Arctic.

The people from 27 states around the country who drink this water have a dog in this hunt—and when we get it right at the continental divide, we protect your watershed, and the watershed of your grandchildren, and that of your grandchildren's grandchildren.

I've been to 30-some countries around the world, and since I come from the natural resource business, I've noticed that others have actually been making mistakes much longer than we have in the U.S. We've only been around a couple hundred years. In Asia, Africa, and Central Europe you'll find mistakes much larger than ours—that went on for many more years—with more people living in closer proximity.

As you may know, decades of historic mining and smelting in the Butte and Anaconda areas, most notably by the Anaconda Company, have greatly harmed the resources of the Clark Fork River Basin and have deprived Montanans of their full use for a century. We are well on our way to restoring the Clark Fork—one of the largest Superfund sites in America—and it has been good business: good jobs with a great product.

In restoring the mistakes of the past, there is another benefit. We develop the technologies of the future. This too is good business. As we develop these technologies, we are increasing the opportunities for exporting them to the rest of the world. At the end of the day, we may spend as much money restoring some of our

hard rock mines as we received from the metals we extracted from those mines 100 years ago. Congress must be involved by providing dollars for Superfund, abandoned mine lands, and other reclamation.

We need to continue to challenge ourselves to get it right, because we're going to continue to develop our resources in Montana. We have world class ore bodies, and we will continue to be in the mining business. But we will get it right. Before we start, we will make sure mines can be properly reclaimed, and we will have adequate bonding in place to make sure the restoration occurs.

As Montanans roll up their sleeves and find practical solutions, they are creating a budding restoration economy. Recently, conservation groups and timber companies agreed to a comprehensive strategy for the Beaverhead-Deerlodge National Forest, which focuses on stewardship and restoration forestry, and includes new Wilderness designation and sustainable timber management. Their vision is for a working forest that sustains not only the economy and livelihood of the region, but also the world class fishing, hunting, and other recreational opportunities of the area. This effort is a significant step forward in moving beyond today's forest gridlock. Remarkable things can happen when people actually talk to, and get to know, one another—and it's a phenomenon that is taking place in Montana and across much of the West.

Let's look to the future as it concerns energy. I have been very aggressive in positioning the state to capitalize on emerging energy markets. Montana and many parts of the West are uniquely positioned to deliver not only renewables like bio-fuels, but also wind power. Montana has some of the most robust wind potential in America, but only in the last two years has significant development occurred. Over \$300 million has been invested already, but in just the projects now proposed, there will be another billion dollars invested in the next few years.

We must make wind power a more significant part of our portfolio in this country, but it's impossible to use wind power unless we have redundant transmission capacity. Without it, we won't be able to use wind power much beyond 15% of our portfolio.

During the last two years Montana has completed and announced an array of energy projects, from wind farms to refinery upgrades to interstate transmission projects to coal gasification and liquefaction plants. We also have a strong oil industry. Montana was one of only two states in the nation to appreciably increase its oil production, and we will increase it again this year.

I hope this domestic oil prosperity continues, but it is our nation's dependence on foreign oil that ensures we will be involved for a long time not only in the Middle East, but also in unstable places like Venezuela, Nigeria, and Angola. Our addiction demands that we continue to send our soldiers—and their children, and their grandchildren—into harm's way, to ensure that we have boots on the ground for the protection of our strategic interests.

Americans use 6.5 billion barrels of oil each year. We only produce 2.5 billion barrels ourselves. We import 4 billion from some of the world's most unstable regions. America needs a plan to get out of this mess.

We can save 1 billion barrels of oil a year through conservation—things like more efficient cars, homes, businesses, and appliances. We've done this before. We reduced our energy use by a similar percentage during the oil crisis of the late 1970's, when President Carter asked us to sacrifice. During the period from 1975 to 1983, we decreased our consumption of oil by 17%, while we grew our economy by 27%. Through informed consumers and the use of existing technology, we can do it again. That leaves us with a 3 billion barrel a year deficit to conquer.

Another part of the solution is biofuels. A year ago, in his State of the Union address, President Bush recognized our addiction to oil. In his address to the nation just a few weeks ago, he talked about conservation and alternative fuels, and of setting a goal of producing 35 billion gallons of ethanol by 2017. That's almost a billion barrels—about 15% of our entire annual consumption of petroleum. I'm an agronomist by training, so over the last few years I've been crunching the numbers on biofuels.

I do think we can produce a billion barrels of biofuels, but they won't be just ethanol. Some of the biofuels we produce will be biodiesel from crops like canola, safflower, soybeans, and camelina, which is my personal favorite, because it is particularly well-suited to Montana's arid climate. And the net energy ratio of biodiesel is more favorable than with ethanol.

So after we produce a billion barrels a year of biofuels and add it to the billion barrels gained through conservation, our 4 billion barrel oil deficit has been reduced to 2 billion barrels a year.

What do we do to cover that remaining 2 billion barrels? In Montana we have a lot of coal—as much as 120 billion tons of it. That is 28% of the nation's reserves,

and 8% of the world's coal, just in Montana. It is located close to the surface, and it represents some of the least expensive BTU's available in the world. Over a year ago representatives from Sasol, the South African coal liquefaction giant, came to visit. We toured Montana's coal country.

On maps and from the air, I was able to show them our resources and infrastructure: our three varieties of coal; oil and gas resources; oil shale; railroads; transmission lines; pipelines, and so on. Especially notable were the two significant oil fields in Montana, where they eagerly await carbon dioxide for enhanced oil recovery. As I told Sasol about our great work force and our work ethic, and pointed out the distant towns and trade centers from the air, I mentioned that a facility built in this part of Montana is a very safe asset—we don't have hurricanes or major tornadoes or earthquakes. That was in August, just before Hurricane Katrina hit and reminded us all of the importance of safe geography.

I informed Sasol that Montana has the greatest crack spread for fuels. All three of the oil refineries in Billings, Montana are some of the most profitable in the country for their parent companies, because the value of the crude oil they buy is low and the value of the refined product is high.

When I began to talk about the numbers related to coal, these representatives thought I was off by a factor of ten. I then repeated that the lignite was indeed worth about 18 cents a ton in the ground, and about \$4.50 a ton mined. They didn't seem convinced, but then we flew down to Colstrip, Montana. It really is one of the most impressive coal developments in the world. And they were impressed. We landed and showed them the value of this sub bituminous coal, the way we mine it, the way we reclaim it, and the four coal-fired plants where we generate electricity, mostly for export from the state. Sasol became intrigued.

Since then, plants have been announced. At the Bull Mountain Mine near Roundup, Montana, a partnership involving Arch Coal, the 2nd largest coal company in America, has said they are going to develop a 300 megawatt IGCC power plant and a 20,000 barrel a day coal-to-diesel plant. It will be a \$2 billion project. Peabody Energy, the world's largest private coal company, and the technology company Rentech have agreed to move forward to assess the feasibility of a coal-to-liquids facility at the Big Sky Mine near Colstrip.

But America is not going to develop coal in Montana or in other parts of the country if we continue the ways of the past. Development of coal the way we have in the past simply won't be financable in the future. That is because, as a nation, we are finally coming to grips with the risks of climate change.

We need to use better ways of extracting energy from coal, and put the carbon back into the earth where it came from. To do so, we need to perfect geologic sequestration of carbon dioxide. We must identify geologic structures where we can store great quantities of carbon dioxide. In Montana, we have what we call the Big Sky Sequestration Partnership at Montana State University, working with the Department of Energy. We have identified some of these geologic zones, but there is much more work to be done. We need measuring devices and monitoring protocols, and we need to work out liability provisions. We clearly cannot be doing this haphazardly.

Back to our 4 billion barrel oil deficit. A billion barrels a year can be met through conservation and efficiency, and another billion from biofuels. It is my hope that Americans can produce the final 2 billion barrels a year from our enormous coal reserves—developing a clean-burning fuel for about \$1.20 a gallon. We could do this, and over the next thirty years only touch a small fraction of our domestic coal reserves.

Montana can and will lead the way in producing clean and green energy for the entire country with wind power, biofuels, and fuels from coal. With respect to energy in the West, California has led the way by challenging their utilities not to purchase electricity that increases the amount of carbon dioxide in the atmosphere. Montana will respond. We will sell electricity to the California market using power from wind and coal gasification with sequestration. We will continue to promote the development of these resources in Montana through a host of incentives, and we will export these technologies as well.

Regular Montanans are appreciating the benefits of our economic growth, but Wall Street is paying attention too. For the first time in 26 years, the state's bond rating was recently upgraded by Moody's Investment Services.

I am proud of the progress, but cognizant of the impacts as well. While the wages for our workers are increasing, so is the price of real estate. Growth will continue to put pressure on our recreational amenities and access to our public lands and rivers and streams. Montana is unique in the Rocky Mountains in that its citizens have a constitutional right to access our streams. That is why, for this generation

and the next, I have proposed \$15 million for purchase of more access sites on our rivers and streams and public lands, and more state parks.

I know you want the nation to keep up. Funding for the management of America's national forests, national parks, and federal natural resource agencies is critical—and they too have cleanup responsibilities. The Mike Horse Mine in the headwaters of the fabled Blackfoot River resides on national forest property. We want to ensure that it is never again the source of annihilation for the fishery that inspired Norman Maclean's "A River Runs Through It."

When many of our ancestors arrived in the West, they sought the treasure within its mountains and streams. Today we realize that the real treasure is actually the mountains and streams themselves. These are the reasons people choose to live in Montana and throughout the West, and they are driving a good portion of the West's economy today.

This hearing is about the Evolving West. I'm here to tell you that the Evolving West is about making the most with what we are given. It is about finding the opportunities in change and capitalizing on those opportunities in a way that sustains a quality of life for this and future generations. I can wake up each morning and fight the old, tired battles defined by the Lords of Yesteryear, or I can appreciate God's bounty and find opportunities where we don't take from one generation to provide for another.

If I can share anything with you as you embark on making policy that affects my state and others it is this: Choose a different path. Choose a path that brings together Republicans and Democrats in a way that leaves an improved environmental legacy while providing for quality jobs and fuller lives today and tomorrow. It can be done. Watch Montana.

The CHAIRMAN. Thank you, Governor. I note that you were Montana's first Democratic Governor since 1988. I did not realize Montana was in the dark longer than the U.S. Congress had been.

It is now my privilege to recognize as I said in the beginning a former member of this Committee, still a dear colleague, but a former colleague of ours in the Congress, Pat Williams, who is now the Senior Fellow and Regional Policy Associate at the Center for the Rocky Mountain West. He is an educator, was Montana's United States Congressman from 1979 until 1997, also a former member of the Montana State Legislature. He was a majority whip here in the Congress and Chairman of the Postsecondary Education Committee.

He serves on the Board of Directors for the National Association of Governing Boards of Universities and Colleges, National Association of Job Corps, U.S. Education, which is Sallie Mae and the President's Advisory Commission for Tribal Colleges. Pat, it is indeed a delight to welcome you back to your old stomping grounds, and you are free to proceed as you wish.

**STATEMENT OF PAT WILLIAMS, FORMER CONGRESSMAN,
SENIOR FELLOW, O'CONNOR CENTER FOR THE ROCKY
MOUNTAIN WEST, UNIVERSITY OF MONTANA**

Mr. WILLIAMS. Mr. Chairman, Mr. Bishop, my friends, Peter, you cannot imagine, Mr. Chairman, what a delight it is, Nick, to refer to you as Mr. Chairman. I always found this Committee interesting during my 18 years in terms here, and I find it equally interesting this morning that five good Republicans, three of them friends of mine and the others I just have not had the luxury of knowing yet who preceded Governor Schweitzer and I, talked about a west that I do not recognize. But they talk about a west that they were talking about 20 years ago on this Committee.

I note the title of these hearings, The Evolving West. We all need to evolve with it. When Bob Dylan, one of America's great poets,

wrote the words “The Times They are A-Changin’,” he could easily have been referring to the west. Today’s west has undergone a significant transition. Our economy, population and culture have changed, and a historic threshold has been crossed, particularly in the states of the Rocky Mountains. The west is no longer what it was, nor are we who live there what we once were. We now live in an evolving west.

Most Americans know the story of the Old West. It was the stuff of myth. Inaccurate but comfortable. Myths have a way of arresting ambiguity. The Hollywood movie producer and director, John Ford—he is the guy that produced “Wagon Train” and “Fort Apache” and “The Man Who Shot Liberty Valance”—was once asked toward the end of his life, Mr. Ford, did you show the west the way it was? He said, hell no. I showed it the way it should have been.

For two centuries, that Old West, including Montana, which as the Governor has noted we once proudly called the Treasure State, had an economy based on extraction: timber and mining, oil and gas. Most of the new west, including Montana, which now with equal pride we refer to as the Last Best Place, has made the transition from that old extractive economy and culture to a new one based on conservation, restoration, high tech and services like healthcare and construction and design and architects.

That early economy, the extractive economy, experienced its significant decline because of increasing productivity. They do not hire people like they used to. Worldwide competition, the international setting of commodity prices and a fairly recent national regionwide, worldwide environmental ethic. The west and its old industries cannot return to the heydays of yesteryear even if we wanted them to. The transition was and its effects continue to be, make no mistake about it, wrenching.

People and places still feel the displacements and the dislocations. Whether that will be an asset or a liability depends at least in part on purposeful leadership, including from the members of this Committee, but we cannot deny the effects and power of the marketplace. The throws of the transition have passed, and it is today’s west that is our future. We can rail against it, we can wring our hands and be swallowed, or we can guide it and prosper.

Yes, subdivisions have replaced some sawmills, but our economy is healthier due to this new economic diversity. Taking care not to pave ourselves over with malls and parking lots, we westerners now realize that we can protect the land’s ability to sustain us. Safeguarding watersheds and corridors, preserving our parks and playgrounds and assuring decent wages and working conditions are tall orders, but we can meet the challenges if at home we set aside paranoia and intolerance and recognize that government at all levels can be an asset and if here on Capitol Hill you will strive, particularly in this Committee as you are this morning, to understand today’s west.

One of the markers, the indicators, of today’s west is the sharply rising number of organizations and initiatives that are going on out that way. In my written testimony, I have listed only some, but you will notice they take up four pages of the testimony that I have submitted to you. I would like to pay particular attention, quick

mention, to just five: The Sonoran Institute from which you will hear later. The Udall Center for Public Policy named for the former Chairman of this Committee, Moe and his brother, the former Secretary of Interior, Stew. Moe's memory hangs on this wall and in this room's name.

Another is the Wallace Stegner Center at the University of Utah, and then if I may, two of which I am affiliated, the O'Connor Center for the Rocky Mountain West, which is a western regional study center located at the University of Montana, and the final one I want to mention is brand-new. It is called Western Progress. The Governor and I have been engaged in the development of that. It is a new public policy advocacy center with new offices in Phoenix, Denver and Missoula, Montana. It is a nonpartisan, nonprofit organization dedicated to the coordination and advancement of progressive policy solutions throughout the eight states of the Rocky Mountain west.

All of these relatively newly formed groups reflect not only on the west traditional role as an incubator of ideas but are also reflective of the flourishing, prosperous, maturing region. Look, the personal income of the people living in and around the city regions of the west is growing far faster than the national averages of people living anywhere else in America. During this decade, the states of Rockies have experienced 10 percent population growth. It is five and a half nationally.

It serves us well to understand where and why those gains are happening. Population and income growth are occurring in the midsized and smaller cities that are located near natural beauty, national parks, open space, river and lakes, state parks, recreation areas, including wilderness areas. That is where people are moving in the west. The Rocky Mountain west has transitioned to an amenities economy.

The irony should not be missed. Our natural resources are still leading the way for our growth, but this time it is the unscarred landscape that provides the economic engine that is driving our significant and historically high growth in population and income.

One of the most unusual aspects about that amenities economy is that it is also footloose. That is one of the signatures of the west's transition. Footloose jobs are jobs that follow people. After two centuries in the west of people having to chase jobs in the gold fields, in the oil and gas fields, in the woods, in the copper and silver mines, you had to go to where the product was to get the job. Not today.

The most important points that I hope to leave with you today is that of the west's amenities economy generating footloose jobs. The growth and prosperity in this region is indisputably occurring closest to the landscape that has the most natural beauty. In the entire west, much of which is represented on this Committee, there are 80 counties with geographic centers within 40 miles of a major national park such as Rocky Mountain or Capital Reef and Arches or Yellowstone and Glacier or Carlsbad.

People are swarming into the west into the vicinities of natural wonders, beauty, cleanliness. In the west, the new mantra might be do not build it and they will come. This is not of course to suggest that development, including extractive development, in the

states of the Rockies should or will cease. Rather, it is simply to draw this Committee's attention to an important aspect of the evolving west and to suggest that future development must meet the economic imperatives of respecting our land, air and water.

As I move toward my close, I ask that this Committee and the Congress become more attentive, increasingly attentive, to the priorities of at least some of us, we believe a majority, significant majority who live in the west. I believe frankly that for more than a decade, Congressional understanding of the west has been lacking, and I say with respect worse, Congressional action or nonactions have actually been detrimental to the west.

This hearing may be the dawn of a new recognition and partnership. We hope so. As you know, more than half of the land in the west is held by the Federal government, by you, by all of us, on behalf of all of us. The ownership of America's vast estate of open places demands stewardship, and it demands something it is not getting, balance. Right now we westerners, most of us, believe that the Federal government is not appropriately either finding or seeking that balance.

Now if I may close by just mentioning several points of imbalance. National parks. Since Yellowstone 135 years ago, the national parks are still today America's best idea. They are a world-class asset for this country and for the Rocky Mountain west, and your own GAO estimates that the park repair backlog has reached \$6 billion. You have to quit starving the parks.

Land and water conservation fund. The combined funding between land and water conservation fund and the forestry legacy program has been slashed an astonishing 90 percent since George W. Bush took office. It was at \$600 million. Now it is at \$50 million.

Wilderness. The only two states in America not to complete the old rare two designations are Idaho and Montana. Both states are now beginning to get back at it again. Please give us your attention.

Drought. Let me give you one example. Lake Meade on the Colorado is now 90 feet lower than its historic average.

Clean water and pipeline safety. We are assured out west that finally long overdue attention is going to be paid to clean water and pipeline safety because Chairman Dingle and Chairman Oberstar have both put those western problems at the front of their Committees' agendas.

Renewable and alternative energy. Throughout virtually the life of this nation, the west has provided the oil, gas, hydro and coal necessary, along with West Virginia, to fuel America's needs, and we intend to continue to be helpful, but we need your partnership in moving toward cleaner alternatives and renewable energy sources.

Restoration. Governor Schweitzer and I believe that a major new economy, a new economy, beckons in the west. Restoration. Let us work at it with this newly attentive Committee. Restoration of the landscape. The old scars intentionally or unintentionally. There are tens of thousands of jobs waiting in the west.

Native Americans. For too many Indians, poverty tracks them. Indians have the worst housing, the lowest life expectancy, the

highest infant mortality and the lowest income of any ethnic group in the United States. They are under your stewardship. Please.

The final point and one that is beginning to raise alarm in the Governor's office and throughout Montana, mineral leasing. The Governor's state Department of Fish, Wildlife and Parks has only recently understood the breadth of mineral leasing throughout our state. In only the past three months, the BLM has leased 110,000 acres of land in Montana, and that is both public and private land. Millions of acres of Montana, in the tens of millions, have now been leased primarily for gas, often methane gas.

Montana's Department of Fish, Wildlife and Parks tells us that this energy development will have more negative and perhaps disastrous consequences to fish and wildlife in one of the last great fish and wildlife states in America, and it will have within the next 10 years more impact than the fish and wildlife have had to undergo in the last 50 years.

Yes, we can sustain our landscape and wildlife with appropriate energy development but not with the onslaught that is now planned, and remember—and I drew this matter to the attention of the Chairman this morning—once the minerals are leased under private land, the landowner must allow entry. The companies can cut the bolts on their gates and come in without their permission. We know that a member of this Committee, Mark Udall, has offered legislative help to that terrible problem, and I urge your consideration of it.

Members of this Committee, you have the Committee which has always held jurisdiction over so many Federal issues of such importance to the west, and we need your immediate help to slow this virtually unrestrained onslaught of drilling rigs throughout the Rocky Mountain west and Montana. Will you not please at least consider a Congressionally ordered moratorium on the headlong mineral leasing in the Rocky Mountain west? The BLM we know is under direct orders to lease the west before this President leaves office. Please bring a little balance to this chaos.

We are very pleased, Mr. Chairman, that you recognize that in the west the times they are a changing. Thank you all very much for inviting me.

[The prepared statement of Mr. Williams follows:]

Statement of Pat Williams, Senior Fellow, O'Connor Center for the Rocky Mountain West, The University of Montana

When Bob Dylan wrote the words "The Times They are A-Changin'," he could easily have been referring to the West.

Today's West has undergone a significant transition—our economy, population and culture have changed. An historic threshold has been crossed, particularly in the states of the Rocky Mountains. The West is no longer what it was—nor are we who live there what we once were. We now live in an Evolving West.

Most Americans know the story of the Old West. It was the stuff of myth, inaccurate but comfortable. Myths have a way of arresting ambiguity. The Hollywood movie director and producer John Ford, whose films include *Wagon Train*, *Fort Apache*, and *The Man Who Shot Liberty Valance*, was once asked, "Did you show the West the way it was?" Ford replied, "Hell no. I showed it the way it should have been."

For two centuries that Old West, including Montana, which we once proudly called "the Treasure State," had an economy based upon extraction: timber and mining, oil and gas. Most of the New West, including Montana which, with equal pride, we now call "the Last Best Place," has made the transition from that old extractive economy and culture to a new one based on conservation, restoration, high tech and

services. That early economy, the extractive economy, experienced its significant decline because of increasing productivity, worldwide competition, the international setting of commodity prices, and a fairly recent national and region-wide environmental ethic. The West and its old industries cannot return to those heydays of yesteryear even if we wanted to. The transition was, and its affects continue to be, wrenching. People and places still feel the displacement. Whether that will be an asset or liability depends, at least in part, on purposeful leadership. But we cannot deny the effects and power of the marketplace. The throes of the transition have passed and today's West is our future. We can rail against it and be swallowed or guide it and prosper.

Yes, subdivisions have replaced some sawmills, but our economy is healthier due to this new economic diversity. Taking care not to pave ourselves over with malls and parking lots, we westerners now realize that we can protect the land's ability to sustain us. Safeguarding watersheds and corridors, preserving our parks and playgrounds, and assuring decent wages and working conditions are tall orders, but we can meet the challenges if, at home, we set aside paranoia and intolerance and recognize that government at all levels is an asset and if here on Capitol Hill you will strive, as you are today, to understand today's West.

One of the markers, the indicators of today's West, is the sharply rising numbers of organizations and initiatives. In my written testimony I have listed only some—ones that, among others, have been created to reflect, inform, and consider the many facets of the evolving West.

- Headwaters News
- The New West Network
- Colorado College's Report Card of the Rockies
- The Atlas of the New West
- Western Progress
- The New West Project
- Sonoran Institute
- Natural Resources Law Center—University of Colorado
- Center of the American West—University of Colorado
- O'Connor Center for the Rocky Mountain West—The University of Montana
- Public Policy Research Institute—The University of Montana
- Ruckelshaus Institute of Environment and Natural Resources—University of Wyoming
- Udall Center for Studies in Public Policy—University of Arizona
- Andrus Center for Public Policy—Boise State University
- The Wallace Stegner Center for Land, Resources and the Environment—University of Utah
- Marias River Watershed—Liberty County, Montana
- Great Gallatin Watershed Council—Bozeman, Montana
- Upper Yellowstone Watershed Basin—Emigrant, Montana
- Idaho's Bounty—Ketchum, Idaho
- Smart Growth Advocates—Pueblo, Colorado
- Citizens for Dixie's Future—Hurricane, Utah
- Landowners Association of Wyoming
- Grow Montana—Butte, Montana
- Sustainability Alliance of Southwest Colorado—Hesperus, Colorado
- Sustain Taos—Taos, New Mexico
- Southwest Marketing Network—Hesperus, Colorado
- Property and Environment Research Center (PERC)
- Foundation for Research on Economics and the Environment (FREE)
- Corporation for the Northern Rockies
- Greater Yellowstone Coalition
- Grand Canyon Trust
- Quivira Coalition
- Red Lodge Clearinghouse

I would like to pay particular mention to five: the Sonoran Institute, the Udall Center for Public Policy, the Wallace Stegner Center at the University of Utah and two with which I am affiliated—the O'Connor Center for the Rocky Mountain West which is a western regional studies center located at The University of Montana and the final one is new: Western Progress. The latter is a new public policy advocacy center with offices in Phoenix, Denver and Missoula, Montana. It is a non-partisan organization dedicated to co-ordination and advancement of progressive policy solutions throughout the eight states of the Rocky Mountain West.

All of these relatively newly-formed groups reflect not only on the West's traditional role as an incubator of ideas, but are also reflective of a flourishing, prospering, maturing region.

The personal income of people living in and around the “city regions” of the West is growing far faster than the national averages. During this decade, the states of the Rockies have experienced approximately ten percent population growth, compared to six percent nationally.

It serves us well to understand where and why those gains are happening. Population and income growth are occurring in the midsize and smaller cities that are located near natural beauty: national parks, open space, rivers and lakes, state parks, recreation areas including wilderness lands.

The Rocky Mountain West has transitioned to an “amenities-economy.” The irony should not be missed. Our natural resources are still leading our growth, but this time it is the unscarred landscape that provides the economic engine that is driving our significant and historically high growth.

One of the most unusual aspects of our amenities economy is that it is “footloose.” That is one of the signatures of the West’s transition. Footloose jobs are jobs that follow people—after two centuries of people in the West having to chase jobs—jobs in the gold and oil fields, the woods, and the copper and silver mines.

The most important points that I hope to leave with you today is that of the West’s amenities economy generating footloose jobs. The growth and prosperity in this region is indisputably occurring closest to the landscape that has the most natural amenities: the parks, the mountains, rivers and lakes, and the most diverse and beautiful land on the high plains. In the entire West, much of which is represented here today, there are 80 counties with geographic centers within 40 miles of a major national park: Rocky Mountain National Park in Colorado; Arizona’s Grand Canyon; Capitol Reef and Arches in Utah; Yellowstone and Glacier; New Mexico’s Carlsbad. People are moving in large numbers to the vicinities of natural wonders, beauty, cleanliness.

In the West, the mantra might be: “Don’t build it and they will come.” This is not, of course, to suggest that development, including extractive development, in the states of the Rockies should or will cease; rather it is to simply draw your attention to an important aspect of the evolving West and to suggest that future development must meet the economic imperative of respecting our land, air, and water.

As I move to my close, I ask that this committee and the Congress become more attentive to the priorities of those of us who live in the West. I believe, frankly, that for more than a decade congressional understanding of the West has been lacking and worse, congressional actions or non-actions have been detrimental to the West. This hearing may be the dawn of a new recognition and partnership—we hope so.

As you know, more than half of the land in the West is held by the federal government on behalf of all of us. That ownership of America’s vast estate of open places demands stewardship balance—and right now we westerners, most of us, believe the federal government is not appropriately either finding or seeking that balance.

I’ll just mention several matters that point to imbalance:

National Parks: Since Yellowstone, 135 years ago, the national parks remain America’s best idea. They are world-class assets. Your own GAO estimates the park repair backlog at \$6 billion. Congress must quit starving the national parks.

LWCF: The combined funding between the Land and Water Conservation Fund and the Forest Legacy Program has been slashed an astonishing 90% since George W. Bush took office—from \$600 million to around \$50 million.

Wilderness: The only two states in the country to not complete our federal wilderness designations are Idaho and Montana. We urge this committee to be attentive to those efforts.

Drought: One example—the water level at Lake Meade on the Colorado is 90 feet lower than its historic average.

Clean Water and Pipeline Safety: We are assured that, finally, long overdue attention will be paid. Chairmen Dingell and Oberstar have put both of these western problems on their committee agendas.

Renewable and Alternative Energy: Throughout virtually the life of this country, the West has provided the oil, gas, hydro and coal necessary to fuel America’s needs. And we intend to continue to be helpful but we need your partnership in moving toward cleaner alternatives and renewable energy sources.

Restoration: Governor Schweitzer and I believe that a major new economy beckons in the West—restoration. Let’s work on it together with this newly attentive Congress.

Native Americans: Far too many Indians still live in poverty. They have the worst housing, lowest life expectancies, and lowest income of any ethnic group in America. Please!

A final point and one that raises alarm for Montanans—

Mineral Leasing: Our state’s Department of Fish, Wildlife and Parks has only recently understood the breadth of mineral leasing throughout our state. In only the

past three months, the BLM has leased 110,000 acres of land in Montana—both public and private land. Millions of acres of Montana have now been leased primarily for gas—often methane gas. Montana's Department of Fish, Wildlife, and Parks tells us that this energy development will have more negative consequences to fish and wildlife within the next ten years than has been realized during the past half century.

Yes, we can sustain our landscapes and wildlife with appropriate energy development but not with the onslaught that is now planned. And remember—once the minerals are leased under private land, the landowner must allow entry. We know that a member of this committee, Mark Udall, has offered legislative help—please consider it.

Members of this committee, a committee which has always held jurisdiction over those federal issues so important to the West, we need your immediate help to slow the virtually unrestrained onslaught of drilling rigs throughout Montana and the Rocky Mountain West. Please consider a Congressional-ordered moratorium on the headlong mineral leasing in the Rocky Mountain West. The BLM is under White House orders to lease the West before this president's term ends. Please bring balance to this chaos.

We are very pleased that you, too, recognize that in the West "the times they are a-changin'."

Thank you for inviting me.

The CHAIRMAN. Thank you both for your superb testimony this morning. Let me ask Governor Schweitzer a quick question. You have painted quite a rosy picture about the west generally and in your state specifically where you have low unemployment, increasing wages, improved bond rating, all of which speaks superbly to your leadership. Many areas of the west are not experiencing such improved economic conditions, and I would ask, what would be your advice to those areas lacking behind? What lessons perhaps have you learned that you could share with those in less rosy parts of the west?

Governor SCHWEITZER. Build the best education system and they will come. Bright people from all over the world are moving to the Rocky Mountain west because they can conduct their business with the world as long as they are connected with broadband. These bright engineers, these business leaders are moving to our communities in the Rocky Mountain west. They are placing their children in our public school system. They are taking their children out of private schools on the east and west coast, coming to places like Montana, and they are coming there because we have safe communities, good schools, and the ability to camp, hunt and fish.

If you look at Montana's economy in the places that are within 25 minutes of good fishing, you will find that our communities are growing. If you are more than a half hour to great trout fishing, your community is probably shrinking.

People are going to choose community with clean resources. I have to tell you the BLM is a little dysfunctional in Montana right now. They have been leasing acres all over the Powder River Basin for coalbed methane because there is a quest for this gas that we have, and yet Governor Freudenthal, the Governor of Wyoming, and myself were asked to come to a meeting here in Washington, D.C., with the BLM.

And we sat down to this meeting with the BLM, and they said, Governors, you have to help us. The sage grouse are disappearing. The sage grouse are disappearing. And you know what we think the problem is? We think it is all the coalbed methane drilling that we have. Can you help us? We say, well you leased the land. We

would love to help you, but you are going to have to cooperate with us a little bit. You did not even ask our opinion before you leased the land where the sage grouse live. You did not ask our opinion before you gave the permits for the folks to drill, and now you come back to us and say, I will be doggone. The birds are disappearing.

So, in Washington, D.C., if you can get along with each other across the hall, then we will be able to work with you in the states. Thank you.

The CHAIRMAN. Thank you. I recognize the Ranking Member, Mr. Bishop.

Mr. BISHOP. Thank you, Chairman Rahall. Governor, in your written testimony, you emphasize the importance of coal that plays in our energy security, and I think you called it America was the Saudi Arabia of coal, and I agree with you on that. It provides 50 percent of the electricity for our homes, and with the coal-to-liquid technology, which is a new clean technology, it could power our cars. It could do a whole lot of other things for our military as well.

There has been a whole lot of discussion here in Washington to try and revolutionize energy, including climate change, et cetera, but environmentalists have been hitting us up fiercely. The coal to liquids would be excluded from the debate in any legislation. Chairman Rahall, on the other hand, wrote the Speaker last week insisting coal to liquids be included, and I applaud him for that. Am I understanding you correctly that Montana is on record that any legislation that would be detrimental to the commercial viability of coal to liquids is bad for the country?

Governor SCHWEITZER. Not exactly. What I am saying is that we have 32 percent of all the coal in America. We have 8 percent of the coal on the planet. We are more than happy and prepared to develop not only our coal for electricity but also for liquid fuels. There is simply no other way to get to energy independence without coal as part of the mix.

We consume 6.5 billion barrels of oil every year in this country, and we are only able to produce 2.5 billion barrels. Now I think we can maintain that 2.5 billion. We have a four billion barrel problem. I think we can decrease our consumption by one billion barrels. The Administration has suggested is it 20-by-10 or 10-by-20, whatever it is, that is a decrease of one billion barrels.

They suggested biofuels. Now that is important. But I have to tell you I am an agronomist. I have done a little math, and if you converted every single acre of wheat, corn and soybeans in this country that we export, every single one of them, and every one of those acres were dedicated to producing biofuels, we could produce one billion barrels of biofuels.

So we still have a two-billion-barrel problem. So either we continue to send \$150 billion a year to dictators in the Middle East or we consider the ace in the hole that we have, which is coal. We have 400 billion tons of coal in this country. That is more BTUs than Iran and Saudi Arabia combined. If you converted that to liquid fuel, 400 billion tons times 2 barrels per ton, that is 800 billion barrels. The last 2 billion barrels that we have a problem with, that is a 400-year supply.

But we are not going to burn another ton of coal in this country without finding new ways of using that coal because the world is

simply not going to allow us, and most of the people in the United States and industry is saying to us, if you continue to increase the carbon dioxide in our atmosphere, you are going to destroy the way we have been living on this planet. We are not going to destroy the planet. We are going to destroy the way we are living on this planet.

We have the technology to sequester this carbon dioxide. I would ask Congress to take some bold steps. I would ask Congress to help us with some research and development monies so that we can identify those geologic structures to store the carbon dioxide. I would ask Congress to take aggressive steps so that we do not vulcanize our carbon dioxide industry in this country. You have Washington, Oregon, Idaho, Arizona and New Mexico. They have decided that they are going to have their own carbon dioxide cap and trade system.

Mr. BISHOP. Governor, can I just interrupt the filibuster for just a minute here?

Governor SCHWEITZER. Please.

Mr. BISHOP. To be honest, I agreed with almost everything you said, and I know that Chairman Rahall appreciated what you said about coal, and so do I, because it does create the history, and we need to look at that. The technology is there, and we need to develop that. That has to be part of the balance. I appreciate that. Let me try and get one other thing in here in about a minute. You have, I understand, about \$300 million that you invest in the state wind power efforts. You would like to expand that as well.

Probably the largest European country to try and do that is Denmark, which tries to have 20 percent coming from wind power. It does not meet that criteria. Simply they do not produce that. The winds fail them. They have to have a backup, which drops it down to 8 percent, and to compensate for that, the Danes pass on the cost of the backup to their consumers.

Am I under the assumption if you try to develop this—I am looking like I am going to give you about 30 seconds to answer this—as you try to develop your wind power, can you look at the guarantee that you are not going to try and pass on any kind of those preventive backup measures to the consumers? At the same time, can you deal with the issues of the takings legislation or takings decisions by the courts that have basically stopped windmill farms for one taking? And I am giving you now 20 seconds. I apologize for that.

Governor SCHWEITZER. When we passed the renewable standard in Montana that would be 15 percent by the year 2050, and the utility industry flew into Montana in big numbers and said, wind? That is just for hippies that live on mountaintops and smoke marijuana. Real energy comes from coal and hydropower. We passed it anyway. Already Montana is at 10 percent, and our first big wind farm is producing electricity for \$41.30 a megawatt, which is about 80 percent of the cost of old coal technology. Wind power is less expensive in Montana, it is renewable, and we can use it for 10,000 years. Thank you.

Mr. BISHOP. Well, maybe on the second round, I can actually get back to the answer to the question, but I applaud you for doing that anyway.

The CHAIRMAN. The Chair was willing to give the Governor as much time as he desired. I was going to yield to him my time. With the indulgence of the gentlelady from California, the Chair would like to recognize quickly the gentleman from Oregon for a question.

Mr. DEFAZIO. I thank you, Mr. Chairman. I have 25 people waiting in my office. Governor, we share an issue on forestry. I see that on the Beaverhead Deer Lodge, you mention that you brought the industry, the environmental groups and others together on a stewardship and restoration forestry, sustainable forestry. Do you want to tell me how you did that? We are having a little problem in Oregon.

Governor SCHWEITZER. I have to tell you cooperation is breaking out all over Montana. We are bringing industry folks and environmentalists together. There is outliers. There is 10 percent on both sides that do not want to get in any room. They can just stay out of the room. So we will work with the 80 percent, the ones who want to find a solution.

So those who are concerned about timber policy, concerned about not having enough roads and enough timber, they decided the only way they were going to be able to build a consensus was to sit in the rooms with people who have said we are not against harvesting more timber, but we are for clean water and we are for a habitat for our animals, for our elk, for our deer, for our antelope. And so they were able to sit in a room, and they were saying, here is our suggestion. We are going to go to Washington, D.C., with a signed agreement that the environmental community and the timber industry agree on.

We are going to suggest that we open these areas for additional timber harvest, but we are going to agree that these areas we will set aside for wildlife and water management. I have to tell you folks, 27 states depend on the water that comes from high in the Rocky Mountains in Montana. Fifty percent of the water that is stored in the Columbia River system comes from Montana.

Mr. DEFAZIO. We appreciate that on the Columbia in particular. If I could, Governor, I mean, I just want to focus. Is there a strong component in there for restoration forestry and/or thinning fuel reduction? I mean, that seems to me to be part of a key toward solving some of these disputes.

Governor SCHWEITZER. Absolutely, and we are creating thousands of jobs in Montana in the restoration economy. Some of these Congressmen who spoke to you earlier are absolutely right. The way we have managed the forests during the last 70 years, which is fire suppression and simply to harvest the timber and walk away for 50 years, has yielded a forest that is on the brink of burning, but we need to thin those forests, not just clear-cut them.

Mr. DEFAZIO. And is there a role for potentially, since you have talked about biodiesel and ethanol and that, do you think there is a potential of converting some through stewardship contracts other than direct burning for generation but otherwise to use the cellulose, the material?

Governor SCHWEITZER. Absolutely. As they develop the cellulosity ethanol technology, wood chips will play a big role. We are already using the wood chips in what we call fuels for schools. We are heating our schools with those wood chips, but there are unintended

consequences, folks. There is a paper industry in this country that is crying out for more wood chips. If we start using it in cellulosic ethanol, they are going to say, where is the paper? So there are unintended consequences to decisions that we make about energy.

Mr. DEFAZIO. Thank you. Thank you, Governor. Thank you, Chairman. Thank you.

The CHAIRMAN. The Chair recognizes the gentleman from Utah.

Mr. CANNON. Thank you, Mr. Chairman, and welcome. I apologize. I have been in and out. We have been in a markup in Judiciary, and I missed some of the discussions, but I would like to explore, Governor, with you a little bit about coal and the problems coal development represents.

I think, as you know, I have dealt with coal mining. Personally I oversaw Reclamation in the Interior Department as the lawyer in charge of that for some period of time, and I am a big, big supporter of coal to liquid. I think that that is a great prospect for our future energy development, and then you are obviously supportive of that.

But you have been I think a little less supportive of oil and gas development, which is far less intrusive in the environment than coal mining is. Do you mind talking about that a little bit and talking about how we balance what is a more invasive process, coal mining, against oil and gas development?

Governor SCHWEITZER. I love developing oil, too. In fact, Montana is one of two states that increased our oil production over the last year. I invited a bunch of folks from the Alberta oil industry down to Montana. We spent two days with them. We explained Montana's tax system and our regulatory environment. Now remember, Alberta is the biggest producer of oil of any place in North America. They are increasing, exploding their development.

We brought these oil companies down to Montana, and once they knew our tax system and our regulatory environment, they were hitting each other with their elbows. They could not believe it. It is a better place to do business for the oil industry than even Alberta, and they have been moving their rigs down to Montana.

We will continue to develop our oil and gas industry in Montana. We will continue to do our share to produce the oil and gas for this country, but we want to do it on our terms. We want to make sure that when we are done we have communities that will continue to be able to prosper in other industries. We want to develop our coal. We want to do it right, and we will continue to increase our oil and gas production in great strides.

The oil and gas industry is asking me right now, Brian, when can we get that CO₂ that comes from those coal to liquid plants, because our old oil fields in Montana, they are telling us that they could double, triple or even quadruple their production of oil if they had a steady stream of carbon dioxide to pump back into the earth. What could be better than sequestering carbon dioxide and increasing oil production? We hope that we can be a laboratory for the energy business in Montana.

Mr. CANNON. Is Utah the other state that increased oil production, because I think we have?

Governor SCHWEITZER. I was thinking it was North Dakota, but I think Utah is doing a great job, too. Gas in particular.

Mr. CANNON. There always is a little lag. The biggest continental discovery of oil recently was in Utah. We hope that of course pans out for all of America for Utah's conquerors.

Governor, one of two options. One is you would always be welcome in the Republican party with those ideas, and second, if you stay a Democrat, I hope you will convince your Democratic colleagues of the reasonableness of that and not just have this be a relatively unique example of clear thinking about what we need to do to supply the energy that America needs and at the same time taking thoughtful steps to solve the, in my mind, remote possibility of the manmade contribution to global warming which is clearly happening but not necessarily manmade.

But sequestering carbon dioxide I think is obviously—and you have spent a lot of time thinking about that—a key for controlling what the effect of man on carbon dioxide and on the temperature of the earth is. So anyway, any time you would like to talk about switching over, we would love to have you come.

Governor SCHWEITZER. Well, I understand the Republicans have older whiskey and faster horses, but other than that, I think I will just stay with the Democrats.

Mr. CANNON. Let us do what is good for America. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. What was that, Rob? Not in Utah?

Mr. BISHOP. There is not older whiskey in Utah.

Governor SCHWEITZER. Not in Utah.

The CHAIRMAN. Chair recognizes Mr. Inslee for questions.

Mr. INSLEE. Thanks for coming. Pat, thanks for being such a great advocate for the west. We really appreciate it. Governor, I want to ask you about the future gen project. I just want your comments about it, if you have any critiques of it, and maybe why would Montana not have been a finalist in the competition for that? Is it a geological issue? What are your prospects for that? I have one more question.

Governor SCHWEITZER. We actually have what we call the Big Sky Sequestration Project. It is a \$17 million joint project between Montana State University and the Department of Energy to identify the geologic zones that we have in Montana to sequester carbon dioxide. We know that we can sequester a great deal of carbon dioxide in Montana. The future gen project was probably going to go to one of the bigger states. We saw that going in that it was probably going to arrive in Texas or Illinois.

Kind of the way it works is the more Congress people you have the more power you have. I do not know how all the math works back here, but since we have one Congressman, and you met him—he is a nice guy—but we have one. That is a \$1 billion project, future gen. Now let us just do a little math here. When the price of oil went from \$30 to \$60 a barrel and we are importing 4 billion barrels, we are sending \$120 billion out of this country every year that goes to dictator's pockets, and we are going to spend \$1 billion for research and development to develop clean coal technology? I think we are about 10 times or 20 times off here.

Coal will not be the energy source of the future until we get carbon sequestration correct, and at the pace that we are going, it will be 30 years.

Mr. INSLEE. Well, you would have been happy talking to Secretary Bodman the other day. In a hearing, we pointed out that our energy R&D total has gone down 65 percent since 1979 while healthcare has gone up by a factor of 5 and R&D in defense has gone up by a factor in 20. So we have to seriously ramp up our R&D.

I want to ask you about coal to liquids, separate issue, and I think it is important to keep them separate when we are thinking about them. Clear energy independence benefits because it is our energy and it is domestic, but I want to ask you about the carbon benefits, the COD benefits, if any.

Now what I have been told—I have been trying to check this out—that you can do some COT sequestration during the process of the coal-to-the-liquid transformation, but when you burn the gas, you do release CO₂, and the best information I can get, there was a DOD study that showed a net 2 to 12 percent reduction in the cycle compared to a gallon of gasoline if you will. Do you have any information on that that you can share with us?

Governor SCHWEITZER. Well, just very quick. The coal-to-liquefaction process starts with a big old thermos jug. Think of one that is 30 feet in diameter and 130 feet high. Dump 30 ton of coal in it. Screw the cap back on it. Give it a little heat. At high temperature and high pressure, natural gas comes off of the coal.

Once you have the natural gas, you can either generate electricity or ship it to somebody's home like they are doing in Beulah, North Dakota, right now. But if you want to liquify it, you pump it back into another reactive chamber. You use a catalyst like cobalt or iron ore that splits the carbons from the hydrogens. You pump a little oxygen in, and then you can put those together like building blocks, make fertilizer, diesel, aviation fuel, whatever you would like.

The carbon balance of a coal to liquid once you have the liquid and diesel or an aviation fuel is about the same. You burn the liquid fuel. It does not have sulfur in it. It is zero sulfur and no aromatics. It is a cleaner fuel that comes from coal, but it will produce the same amount of carbon dioxide as if you were using a petroleum product.

The sequestration starts at the gasifier. When you gasify and you get the methane gas on one side, you have another stream of carbon dioxide as a gas. That is the stream that you pump back into the earth. If you do not pump the carbon dioxide back into the earth, if you do not sequester it, the coal liquefaction process will create almost three times as much carbon dioxide as you would in the petroleum business.

Mr. INSLEE. So if we get to a process where we can use a gas from a coal-to-liquid system in a car, for instance, is it fair to say that the same tankful of a gas produced from that system is going to be about the same CO₂ emissions as regular old gasoline? Is that a fair statement?

Governor SCHWEITZER. Yes, it is except for along the process of converting coal to that liquid fuel, there is a place where you get pure hydrogen in that stream. We do not even have to make liquid fuels because coal will make pure hydrogen and you can pump all of the carbon back into the earth, and once we get the hydrogen

technology working so that the car does not cost a million dollars—I have driven one of those cars.

It goes from about 0 to 60 in about 10 seconds, and it has got a tank in the trunk that would blow up the whole city if you are not careful, but once we get the technology down, we do not even have to go to a liquid fuel. We can go directly from coal to hydrogen fuels. And once again, we have so much coal in this country that we could produce all of our energy needs for centuries if we sequester the carbon dioxide.

Mr. INSLEE. Great. Thank you.

The CHAIRMAN. The gentleman from New Mexico, Mr. Pearce.

Mr. PEARCE. Thank you, Mr. Chairman. It is an interesting discussion. I appreciate the hearing, both panels. I was just writing a couple scattered notes, and I wonder if the corollary we have heard, the theorem, do not built it and they will come, I wonder if the corollary is true, build it and they will leave. If that is the case, Washington is going to be empty next week. We will find all the population leaving out of here, and do not build it and they will come in New Mexico—and I think we are in the west—we do not have a lot of industry except oil and gas and mining, timber and ranching, and when the price of oil fell to \$6 people left, and when the price went back up, people came back, and at the end of the day, people need a paycheck.

Now I was hearing the testimony that actually the mines are dying and yet the copper mine—I hold a piece of copper here. In fact, Mr. Chairman, if you want, I will pass this around. It is only about 75 pounds. Everybody could take a look at it. Copper mines are back to hiring because there is a market. There is a market for stuff like this, 243 pounds of this stuff in every house.

If Americans are going to change their consumption patterns and we do not need that stuff, that would be fine, but the consumption pattern is not changing, which means either we export the jobs, we send them out, we outsource them to other countries or we need to find someplace in America where these things come up.

Congressman, I appreciate your service. I was listening, and you said that there is an attempt to lease up the west. Were you aware that we had testimony yesterday that the Bush Administration has actually leased 63 percent pure leases? I have been on the Bush Administration constantly because President Clinton had more APPDs, application for permits to drill. So would you like to comment on the fact that the Clinton Administration actually was leasing more and providing more applications for permits to drill? It is more restrictive under the Bush Administration.

Mr. WILLIAMS. Thank you, Congressman. First, I do not suggest any of those things with regard to your example was copper. I came of age—

Mr. PEARCE. No, I was asking about the leases, the oil leases. You were saying the Bush Administration is trying to lease the west.

Mr. WILLIAMS. I understand that, but I just wanted to respond quickly to your first minute or so in which you were asking about my statement that the mantra in the west might be do not built it and they will come. That is not to suggest, as I said following that statement, that there cannot be development in the west.

There can. I grew up in an old copper mining town, one of the great old copper mining camps that has simply refused to die.

Mr. PEARCE. Mr. Chairman, if I could reclaim my time. I had a question, but I will go to the next—

Mr. WILLIAMS. Well, I would be glad to answer the question.

Mr. PEARCE. Thank you, sir.

Mr. WILLIAMS. The Clinton—

Mr. PEARCE. Governor, I would suggest that when I look at your testimony and you are talking about the coal mines, you really are strongly on behalf of coal, but when I look at the state's record on the oil and gas production that you have chosen to do it differently, which is fine, but now how are you going to get the approval to do these mines which are intricately more invasive?

In other words, I am not seeing the congruity here. The mines are very invasive and you—the state, not you—the state is taking a position that we cannot do the production in the old way and restricting, and that is fine. That is a choice that states have, and I support choice of any state. But I am not seeing the congruity. Can you address that a little bit?

Governor SCHWEITZER. So the question is, how will we develop coal without being invasive on the landscape? The beauty of coal is that you have a large quantity of BTUs that are concentrated in a very small area. As you know, in New Mexico, you have a big open pit coal mine, and I could get in a little plane and fly across New Mexico, north and south and east and west and east and west and then north and south again looking for that dang coal mine, and I would not be able to find it because it just does not jump out and grab you. It only occupies one-one hundredth of one percent of all of New Mexico, yet it is one of the largest coal mines in America.

We will have half a dozen coal mines that are operating in Montana like they do in Wyoming, and once we remove the coal, we will reclaim the landscape. We will put it back to the native vegetation, and there will be antelope on it in the next 10 years.

Mr. PEARCE. There are people who do not even want you to put the hole in the dirt. I mean, you just have to be honest with the situation. There are people who are going to file lawsuits beyond belief. We are running into the same problem with shale right now. There is 8 billion gallons or barrels of shale, but no one wants to get it out, and that is a huge problem for you to overcome. I just wondered if you have addressed that question.

Governor SCHWEITZER. Well, people who show up and complain about ideas for energy production, I always ask them, how did you get here? Did you walk? Where are you living? Naked in the tree eating nuts? I mean, if you are using energy, you have a responsibility for solutions, conservation and production. I am simply saying that we can produce this energy in a cleaner way than we have in the past. I do not think there is anybody in this room that would disagree with me that we have made mistakes in the past, and we will do it better in the future.

Mr. PEARCE. I support you 100 percent. I think we should liquify coal and use it tomorrow, but I think we have a long road ahead of us. Thank you, Mr. Chairman.

The CHAIRMAN. The Chair recognizes the gentlelady from California, Ms. Napolitano.

Ms. NAPOLITANO. Thank you, Mr. Chair, and I am sitting here just enjoying these gentlemen's testimony, the two witnesses, and I applaud you both for taking such a great interest in this Committee's work. We need your input. We need your ability to shed light on some of those issues that to some of us—I am a Californian born in Texas—have understood a long time that we can work both ways. We can be able to look for the solutions for oil production, for energy production and still maintain with help from everybody the environment.

And I think that the more we look at it from that vantage point and work on both sides of it I think the better off our people are going to be. Specifically, I am interested in the American Indian, the Native American's plight, because they have been before this Committee before, and it is unfortunate that we do not pay as much attention. The Bureau of Indian Affairs' role in it is very questionable in my mind.

My biggest concern is water simply because, as you have stated, the depletion of the aquifers, the status of some of those rivers and reservoirs is alarming, and we are not looking at how we are leaving clean water options to our future, to our children and grandchildren and their grandchildren. I, like the Indians, am looking at it from a standpoint of seven generations. I would hope that we all would take a lesson from them and be more cognizant of our role in maintaining that status.

My question to both of you is: What do you see? What would you recommend us here in this Committee to have a focus on that would allow us to be better prepared to work on the issues that will help the states—and I am talking about the leadership in the states—be able to recommend? Make us understand or allow us to understand what steps need to be taken to protect the future of those areas, those pristine areas and those very beautiful areas that we all now enjoy. I know it is very vague, but I think you get my message.

Mr. WILLIAMS. Thanks. Well, first by recognizing that the west has never been more prosperous than it is today, and it is due to two things: The diversity of our economy, which is a matter of transition—we never had a diverse economy before—and second, those footloose jobs I mentioned where people now are flowing into the west. In some places, they are flooding into the west, and they are living near the natural amenities. So, if you want to protect our economy, help us protect the natural beauty of the landscape. All westerners that live near that natural beauty absolutely, copper riveted, ironclad want it protected. That is why they move there. So help us with that.

The other thing that I hope you and the Chairman and others and the Ranking Member will do is continue, as the Chairman said publicly he intends to, these hearings about the evolving west and come west with one, two, three of these hearings. Come out into the states, your state as well as the state of the Rocky Mountains, and listen to a wide variety of people on both sides of these issues so that you are better able to apply the solutions that we need.

It does seem to me that a good many people in the Congress have simply missed the west's enormous significant transition over the past decade and a half to two decades, and if you do not understand it, you do not know how to apply assistance to it.

Ms. NAPOLITANO. Well, I intend to do that in my subcommittee of which I am chair on water, but that is a great idea. Governor?

Governor SCHWEITZER. As I mentioned earlier, the snow melt from the Rocky Mountains in Montana flows to 27 other states. Seventy percent of the water that flows in the Missouri River system came from Montana. Fifty percent of the water stored in the Columbia system came from Montana. The number one thing you can do is do not sell your watershed. Do not sell the land. Part of our responsibility to the rest of this country is to be the clean watershed in a renewable way, the same way it has for 10,000 years. Do not sell your watershed.

The second thing that you need to be made abreast of is that we will have fires, and we will have more fires in Montana. Ten of the 11 warmest years recorded in the last 150 years have been during the last 11 years. We have insects that are eating specific species of trees because it is not cold enough in March to kill the larvae, and so since we do not kill the larvae and they are multiplying in large numbers, we have a lot of our forests in Montana and British Columbia that are dying.

What is going to happen is we are going to trend to a different species of tree, but it will burn first, and when it burns, it is going to create more carbon in the atmosphere, but more importantly, it is going to create problems in the watershed because those trees are the filter system. So be cognizant that we need to work on healthy forests, and be cognizant that we will be your watershed. Do not sell it. It is a bad idea. Thank you.

The CHAIRMAN. The gentleman from Idaho, Mr. Sali.

Mr. SALI. Thank you, Mr. Chairman. Mr. Williams, I am trying to interpret your message to this Committee. On the one hand, I hear you talking about this new west that does not seem to need extractive industry, and I heard you criticize the extractive industries here today. Are you saying that there should be no more extraction of timber or minerals or oil or gas?

Mr. WILLIAMS. Well, if you think you heard me criticize the extractive industry, then my words were not properly definitive or eloquent because I was not trying to criticize the extractive industry. In my old hometown of Butte, we mine almost as much copper as we did when I was a boy. When I was a boy, we had 15,000 miners doing it. Today we have 300.

Timber and mining together in Montana hired 2 percent of the jobs that are hired in the state. It is not that they are not important. It is that they are not relatively as important as they were. Should they continue to be in the west? Of course, because it is where the resources are.

Mr. SALI. So would you agree that we ought to continue extractive activities and their work in western states in the future?

Mr. WILLIAMS. Sure, as long as those extractive industries realize they are in an evolving west. They are in a west that is more diverse than it was and relies upon an amenities economy. Now a lot of them get that, and a lot of the people that come to see Brian

Schweitzer in his office, industry people, start out by saying to him and saying to me when they come to see me we get it now.

Mr. SALI. You have answered my question.

Mr. WILLIAMS. I am glad.

Mr. SALI. Governor, I am struck with the notion that somehow drilling for methane is going to create problems for grouse but that you want to work to use coal as a new energy. What kind of environmental problems will the coal development cause that would be relative to this grouse problem for methane drilling?

Governor SCHWEITZER. Just so we understand what is happening with the sage grouse, the sage grouse lives in a pretty widespread area. As you know, low precipitation where sage is the predominant species. When you develop coal bed methane, you drill to a coal seam and pump the water to the surface. Then you pump that water out into ponds to evaporate or to move to another drainage in some way.

The sage grouse has a very low tolerance for West Nile. As soon as West Nile showed up in Montana, we noticed right away that the sage grouse populations were going down. Now Fish Wildlife have determined that these standing ponds have created big mosquito populations that are spreading this West Nile to these sage grouse. Remember, they lived on a terrain where there was not much water earlier on.

Mr. SALI. Your testimony is there is no corresponding environmental issue with coal development?

Governor SCHWEITZER. There certainly is, but as I suggested in New Mexico, I could fly over New Mexico for days before I could find that big coal mine, but you do not have to fly very long in the Powder River Basin of Montana and Wyoming to look down and see a coal bed methane well on every 20 acres.

Mr. SALI. Well, I am trying to understand the distinction you are drawing between development of methane as an energy source versus development of coal as an energy source. You are saying one is good and one is bad, but you are saying that there are environmental issues with both. I mean, how can we distinguish which one is better than the other?

Governor SCHWEITZER. Fortunately, I did not say one is good and one is bad. I like both because they are developing energy resources. Coal bed methane presents significant challenges because as you pump this salty water to the surface, it ends up in the Tongue and the Powder River, and then we have irrigators that have to use that water. I think that we can develop that natural gas from those coal seams and not put ranchers out of business. That is the concern we have.

Mr. SALI. So your message to the Committee is that we do need to continue extractive industries into the future. We just need to do it responsibly.

Governor SCHWEITZER. Giddyup. You bet.

Mr. SALI. And, Mr. Williams, you would agree with that statement as well?

Mr. WILLIAMS. Sure.

Mr. SALI. Thank you.

Mr. WILLIAMS. And that responsibility has been lacking.

Mr. SALI. Mr. Chairman, I have a copy of a letter from my predecessor, Butch Otter, who is now the Governor of Idaho. I believe you have a copy of that. I would ask unanimous consent that it be entered into the record for the hearing today.

The CHAIRMAN. Without objection, so ordered.

Mr. SALI. Thank you.

The CHAIRMAN. The Chair recognizes the gentlelady from South Dakota, Ms. Herseth.

Ms. HERSETH. Well, thank you, Chairman Rahall and Ranking Member Bishop for convening this engaging hearing on the evolving west. Now, though the State of South Dakota is just adjacent to the Census Bureau's definition of the west, we do border Montana, as the good Governor mentioned, and Wyoming, and we deal with a lot of the same issues, particularly in the western part of South Dakota.

The state is home to nine sovereign tribes, 1.2 million acres of national forest, and a series of Federal dams up and down the Missouri River which are certainly affected by the snowpack up in Montana. So I appreciate the Committee's focus on all of the issues being raised today.

I am particularly interested in the tribal component of the evolving west and pleased to see that in the next panel we will be hearing from two witnesses who represent two different sovereign tribal nations. I also know that Governor Schweitzer is privileged to represent and serve tribes in the great State of Montana. I appreciated the former Congressman's words in reminding us about our stewardship here on this Committee based on treaty obligations and other constitutional issues as well for sovereign nations without our states' borders.

I am interested, Governor, on what sorts of opportunities you have pursued in your tenure, other opportunities that you see in working with tribal governments as partners to seize some of the opportunities to overcome some of the challenges facing the evolving west? A couple of times in your testimony you talked about the reason so many are attracted to Montana is because of safe communities, but in many of the reservation communities that I represent, safe communities are oftentimes hard to come by.

And one of the biggest issues that I hear in addition to healthcare, in addition to housing, infrastructure development, is the issue of law enforcement. If you could comment. I think it is so important, especially those who serve as our Governors in addition to this Committee's responsibility of oversight and helping further economic development that if we are dealing with evolving economies how can we ignore tribes? How can we not seek to develop partnerships without asking them to seed their sovereignty and to give up elements of that? So I would be interested in your thoughts and perhaps Congressman Williams' as well.

Governor SCHWEITZER. As you know, our Indian nations were formed in Montana before we were even a territory. This body formed those Indian nations, and there are jurisdictional issues in terms of law enforcement. The greatest beginning is mutual respect and trust.

So we have negotiations, ongoing negotiations, with individual tribal councils as to jurisdictional issues. Some places highway

patrols have X authority. Other places they have Y. Some places county sheriffs can do Q. Some places they can do T. But let us understand these are individual nations, and when we negotiate, we negotiate as an individual nation, not as a blanket discussion, because again, they were on the landscape well before us, and they have a jurisdiction that supersedes even the State of Montana.

Ms. HERSETH. I appreciate that, but if you could talk about some of what you are doing and you see in terms of partnerships economically, understanding that we need vast more oversight here as it relates to the BIA's obligation on the law enforcement side. But are you hearing from some of the tribal councils that you consult with regularly each one again represent a sovereign nation? Is law enforcement becoming one of the main priorities for tribes in Montana?

Governor SCHWEITZER. Absolutely, and the greatest problem we have is methamphetamine on our Indian nations. It is exploding all across the rural areas, in particular on our reservations. So we are building a corrections system that actually treats drug addicts and not just warehouse them. We are asking elders in Indian country to help us develop culturally appropriate corrections systems so that we are treating the underlying drug addiction, alcohol addiction and mental illnesses. We cannot afford to just warehouse people. It is destroying communities, and it is destroying our correction budgets.

I simply would say regarding development of the economy in Indian country that we have some great opportunities. High unemployment, 50 percent, and young age. The youngest population in Montana is on our Indian reservations, and like the Irish miracle, when Ireland grew while the rest of Europe was shrinking, they recognized that a young population has assets. Young people can learn things very quickly. You are not retraining adults.

So we are trying to attract technology companies to come to Indian reservations. We are putting money in our tribal colleges, and we are saying to these companies we will train this young population for your emerging jobs, and then we give them incentives to locate on Indian reservations.

Ms. HERSETH. Thank you.

Mr. WILLIAMS. Congresswoman, you might consider this. Reservations are the only communities in America where the local police are the FBI. Now some of them have local police forces, but violations on a reservation are a Federal offense and the FBI moves in. It is a law enforcement system that is dislocated.

Ms. HERSETH. Thank you, Chairman. Just one final comment if I might. I worked for the Federal District Court in the Central Division in South Dakota and know precisely of I think what you are alluding to there in terms of the problems when the local law enforcement is displaced and FBI investigations go on with again very little oversight. Thank you.

The CHAIRMAN. The Chair thanks the gentlelady from South Dakota for her superb questions. Our responsibilities to our Native Americans is something this Committee takes very seriously. I know that you, Pat, had spoken quite a bit in your original testimony this morning about the Indian country, and that is going to

be, as I say, at the top of our agenda in the next several weeks and months. So I appreciate very much the gentlelady's questions.

I did have one final question, but before doing that, let me move the gentleman from New Mexico, and then we have another round.

Mr. PEARCE. Sure. I have one quick comment, Mr. Chairman, and then a unanimous consent request, but, Governor, in oil and gas, we are producing in New Mexico about one barrel of oil and 20 of water. So I submitted legislation that will begin to clean that water up. In my hometown, we make a million barrels a day. That is 42 million gallons a day of salt water that needs to be cleaned up, but we are right now by regulation forced to put that water back in the ground, and it is cheap water. It is available. Clean it up, and it is available for all the things you are talking about.

It is one of the things I think we should talk about, Mr. Chairman, and then I request unanimous consent to put these documents in that talk about the sources of energy in the west. Thank you, Mr. Chairman.

The CHAIRMAN. Without objection, so ordered. Does the panel wish to respond? You are perfectly entitled to.

Governor SCHWEITZER. Well, as those of you from the west know, there are very few planes that can actually get me home today, and the one that can get me home is leaving real soon. So I am about done here. Thank you very much.

The CHAIRMAN. The Chair would recognize the gentleman from California, Mr. Costa.

Mr. COSTA. Thank you very much, Mr. Chairman. I appreciate the hearing. I appreciate the focus for all the right reasons this Committee and you are focusing on today for the west. Governor, because I have heard you speak before passionately as it related to the potential for coal to play an important role in reducing our dependency, and as you know, we are trying to put together a bipartisan package here to reduce our dependency on foreign sources of energy.

I just saw an article—you may have seen it—February 20 in The New York Times talking about cleaner coal attracting some doubts, and they were talking about it is not being clear which technology that is best suited for coal gasification combined with cycle or pulverized coal that would allow for the easiest carbon capture because a lot of engineering still has to be done.

Now there is no doubt, as you have said passionately about going back to World War II, the application of this energy source. However, we have, as you know, in California, especially the Central Valley where I am coming from, a significant CO₂ problem, and so I would like to get your thoughts as it relates to the emerging technologies and where you think we are on that.

Governor SCHWEITZER. Well, you mentioned integrated gas combined cycle for electricity production. That is actually the easiest one to sequester the carbon dioxide to split the CO₂ off and pump it back into the earth. The carbon balance is better in producing electricity with coal than it is in producing liquid fuels.

So, as we move forward and we move toward electric cars, coal is now 50 percent of the electrical portfolio in this country. It is likely to continue in those numbers for the foreseeable future. We can produce integrated gas combined cycle electricity, sequester the

carbon dioxide, and be a source of electricity for Central Valley in California.

Mr. COSTA. Cost effectively?

Governor SCHWEITZER. Yes, I think so. It will add about 25 percent of the cost of producing electricity over polarized coal, but if we do go to a cap and trade system, it is going to be cheaper over the long haul than putting carbon dioxide into the atmosphere.

That is why I asked this Committee to take a lead in a national cap and trade system so we are not vulcanized. California announced that they with Washington and Oregon and California and Arizona and New Mexico were going to their own cap and trade system. It makes it difficult for those of us who actually provide electrons for Washington, Oregon and California to determine where we will be in the future vis-a-vis your supplier.

Mr. COSTA. I met with your colleague, our Governor, yesterday, and of course as you probably know in conversations with him that their whole focus is not choosing the energy source or the technology. They are going right now for diversification that will reduce CO₂ levels, and they will let the marketplace and the technology determine which is the better fuels, what is the better technology, and so, I mean, it was with that—I am of course leading you on this point—but I do believe that coal is a part of our future, and I am concerned about the applications of the technology.

Governor SCHWEITZER. It will not be the energy of the future unless we are able to sequester carbon dioxide and make sure that we are not putting mercury and sulfur in the atmosphere. If we can produce ultra clean coal technology, sequester the carbon dioxide, coal will be a significant part of the energy portfolio for the next 30 years. If not, it will have a diminishing role.

Mr. COSTA. Which of the leading academic institutions in the country are the other research that is taking place currently that you would reference as to in which we are moving in that direction?

Governor SCHWEITZER. Princeton University is taking a lead in carbon sequestration. Columbia University, Montana State University and the Big Sky Sequestration Project are taking a lead in developing this technology to sequester carbon dioxide.

Mr. COSTA. Do you have any guess or approximation how far away we are you think?

Governor SCHWEITZER. Well, we are already doing it.

Mr. COSTA. No, I mean in achieving the goals.

Governor SCHWEITZER. I guess that is really up to Congress. We do have the technology now to begin sequestering coal. I listened to Dr. Solkalhoff from Princeton University testify before the Senate yesterday, and he said that he believes with very high certainty that all the carbon dioxide that we are putting in the atmosphere in this country today from pulverized coal could be stored underground, and he is a leading authority.

Mr. COSTA. Thank you, Governor, for your passion and your efforts.

Governor SCHWEITZER. You are welcome. Thank you.

The CHAIRMAN. Governor Schweitzer, our former colleague Pat Williams, thank you both very much. We deeply appreciate it.

The Committee is ready to move on to our next panel, and I would ask the members to come forward. Mr. Clifford Lyle Marshall, the Chairman, Hoopa Valley Tribe; Matthew Box, Vice-Chairman, Southern Ute Indian Tribe; Luther Propst, Executive Director, Sonoran Institute; Russell C. Vaagen, the Vice-President, Vaagen Brother's Lumber, Inc.; Robert G. Lee, Ph.D. Professor, Sociology of Natural Resources, University of Washington.

Gentlemen, we welcome you to the Committee on Natural Resources. We have your prepared testimony. Without objection, each will be made a part of the record, and you may proceed as you wish, each recognized for five minutes. If you want to go in the order I introduced you, fine.

**STATEMENT OF CLIFFORD LYLE MARSHALL,
CHAIRMAN, HOOPA VALLEY TRIBE**

Mr. MARSHALL. Thank you, Mr. Chairman.

The CHAIRMAN. OK. Now the door is shut.

Mr. MARSHALL. Thank you, Mr. Chairman, members of the Committee. Thank you for this opportunity to testify today about Indian country and the evolving west. I am Clifford Lyle Marshall, Chairman of the Hoopa Valley Tribe. The Hoopa Valley Tribe Indian Reservation is the largest reservation in California consisting of 144 square miles. Over 95 percent of the reservation is still held in trust, and over 90 percent of that land is designated timber land.

The Hoopa Valley Tribe is a self-governance tribe pursuant to the Indian Self-Governance Act of 1988, an amendment to the Indian Self-Determination Act. Being a self-governance tribe is something the tribe takes very seriously. It is in fact how we define sovereignty. The tribe governs itself. It governs as a municipality, and it manages lands and natural resources as any other regulatory agency does.

The tribe has a public utilities district that provides water to our community. We have education programs, social services programs, a hospital, a dental clinic, the only ambulance service and emergency room within 70 miles of the reservation. We have a law enforcement program and a civil court. We have both wild land and volunteer fire departments to protect our lands and our homes from fire, and we have an environmental protection program, a forestry program, and a fisheries program to protect and manage our natural resources.

The Hoopa Valley Tribe has compacted resources management from the Bureau of Indian Affairs, and we manage our forest lands under a 10-year forest management plan approved by the Bureau of Indian Affairs that exceeds environmental standards required by Federal law. This plan has allowed our timber to be smart with certified meaning that the certification allows lumber products produced from our timber to be exportable to Europe.

The forest management plan has been extended through 2008, and we are in the process of evaluating and updating the plan. What we have strived for in timber harvest plans is balance between the need to generate revenues to fund government and other programs and maintain an employment base and the need to protect our cultural areas for gathering of traditional foods, basket

weaving materials, firewood, to protect our spawning streams from erosion and sediment for fisheries. We also manage our timber lands to protect those places that our people deem spiritual and sacred.

Managing our timber lands of course has a considerable cost. Indian tribes are essentially Federal contractors performing activities previously conducted by Federal employees. These contracts, however, do not provide for benefits that would otherwise be provided to the Federal employee were the BIA still performing these trust functions. Employee benefits of Federal employees such as worker's compensation and healthcare policies are more expensive to tribal employees who must purchase small group policies.

To reduce these costs, we ask that Congress allow tribes that are compacting to perform these trust functions be allowed to purchase insurance through the Federal Insurance Program. Coverage by the Federal Employment Compensation Act and Federal Employees' Health Benefits Contracts can be extended to tribal contracts without cost to the Federal government. Federal health insurance policies covering millions of workers are negotiated by the Office of Personnel Management with private carriers. Cost are paid by the employees and the agencies.

Permitting tribes to participate in those large, negotiated contracts will have a de minimis effect on the Federal insurance group size and characteristics. The tribes and tribal employees will pay for the cost of coverage. The Northwest Portland Area Indian Health Board and various Indian tribes participating in the self-governance program support permitting tribes to participate in these Federal benefit programs.

An integral part of forestry management and forest protection is forestry protection from fire and theft. Hoopa created its own wild land fire protection program, the largest and most developed tribal program in California and possibly the nation. Our tribal fire-fighters meet the same qualification requirements of the United States Forest Service and California Division of Forestry.

The lands adjacent to our eastern border were recently change to wilderness. I raise this today because of concerns regarding catastrophic fire. Last year, two fires on our eastern border each grew to 100,000 acres. Six years ago, a 100,000-acre fire breached our border and was stopped by backfires ignited on our reservation, causing significant loss to plantation. Nature is a messy place. Nature cleans up its messes well through fire. Fire, however, is indiscriminate when it reaches a boundary.

Prior to the designation of this area as wilderness, the Hoopa Valley Tribe was working with the Six Rivers National Forest on a stewardship agreement that would have allowed for manual release of these flammable fuels. We would like to address these concerns through such an agreement that would allow us to manually remove understory brush and downed timber and hardwoods for fire protection in the newly designated section of the Trinity Wilderness and Six Rivers National Forest.

Our law enforcement program includes a resource protection component that is not eligible for Department of Justice funding because Hoopa is a Public Law 280 state. Without tribal law enforcement, there is no protection of our timber resources from theft

or trespass. We ask that the law be amended to allow for application of funding for law enforcement funding in California.

Hoopa's second major resource program is its fisheries program. This is not an income generator for the tribe, but protection of salmon, steelhead, sturgeon and lamprey has significant social, cultural, and economic significance to our people. These anadromous species have given sustenance to the Hoopa people since the beginning of time. They supplement our otherwise unhealthy diet and reduce our cost of living. Hoopa Valley Tribe is committed to advocating for, defending, protecting, and restoring the fishery of the Trinity and Klamath Rivers Basins.

The Klamath and Trinity Rivers constitute the third largest producer of wild salmon on the west coast, but the system is under extreme stress, and its production has dropped to the lowest in recorded history. Restoration programs for both rivers need to be implemented and funded immediately. The Hoopa Valley Tribe strongly supports the removal of the four dams in the lower Klamath River and restore fishery habitat and access for salmon to the upper Klamath Basin. Thank you for your time, and if you have any questions, I would be happy to answer them.

[The prepared statement of Mr. Marshall follows:]

**Statement of Clifford Lyle Marshall,
Chairman, Hoopa Valley Tribe**

Mr. Chairman, Members of the Committee,

Thank you for this opportunity to testify today about Indian Country in the evolving West. I am Clifford Lyle Marshall, Chairman of the Hoopa Valley Tribe. The Hoopa Valley Indian Reservation is the largest reservation in California, comprised of 144 square miles. Over ninety five percent (95%) of the reservation is trust land and over ninety percent (90%) is designated timberland. The Hoopa Valley Tribe is a Self-Governance Tribe pursuant to the Self-Governance Act of 1988, an amendment to the Indian Self Determination Act of 1975, Public Law 93-638. The Hoopa Tribe was one among the first tier of Self-Governance Tribes and was the first to have its compact signed in 1990. Before 1988, the Hoopa Tribe had contracted most BIA programs under 93-638. Through Self-Governance, the Tribe has assumed management authority over all federal programs. Currently the Tribe manages fifty-three (53) programs.

Being a Self-Governance Tribe is something that the Hoopa Tribe takes very seriously, it is in fact how we define sovereignty. The tribe governs itself; it governs as any municipality governs, and it manages its lands and natural resources as any other regulatory agency does. The Tribe has a public utilities district that provides water to our community through a reservation wide water system. We have education and social services programs and an Indian Health Service clinic to address our community's social needs. Hoopa was the first to compact health care with Indian Health Service in California and now has a hospital, a dental clinic and the only ambulance service and emergency room within 70 miles of the reservation. We have a law enforcement program to protect persons and property, a civil court to provide legal remedy to our citizens and to protect our children and elders from neglect.

We have fire departments to protect our lands and our homes from fire. And we have a realty program, an environmental protection program, a forestry program and a fisheries program to protect and manage our natural resources. The Tribe has compacted realty from the Bureau of Indian Affairs (BIA) Regional office. Through tribal ordinances the Tribe assigns land to tribal members for housing, agriculture, and grazing.

We have compacted resource management from the BIA and manage our forest lands under a ten-year forest management plan approved by the BIA that exceeds environmental standards required by federal law. This plan has allowed our timber to be "Smart Wood" certified, a certification that allows lumber products produced from our timber to be exportable to Europe. This is a ten-year plan, which has been extended through 2008. We are in the process of evaluating and updating the plan and expect it to be renewed at the end of next year. What we have strived for in

timber harvest plans is balance between the need to generate revenues to fund government and other programs and maintain an employment base, and the need to protect our cultural areas for gathering of traditional foods, basket weaving materials, and firewood, to protect spawning streams from erosion and sediment for anadromous fisheries such as salmon, steelhead trout, sturgeon, and Pacific lamprey. We also manage our timberlands to protect those places our people deem spiritual and sacred.

Balance is a concept that we stress in resource management. For nearly thirty years, beginning in the 1950's, the BIA sold 40 million board feet of timber per year from tribal timberlands. This over harvesting by clear cutting devastated our timberlands, and caused massive erosion that choked our tributary streams used for spawning by anadromous fisheries. Today our annual harvest is less than ten million board feet per year which is considered the "sustainable yield" for maintaining timber as a renewable resource. Balance was something that did not exist before the Tribe took over timber management.

The Tribe's forestry program must comply with all federal laws and regulations that protect endangered species that live in our mountains and streams. We have a number of wildlife monitoring programs to protect species that are endangered, like the fisher and the peregrine falcon, and for other species that are not necessarily endangered such as the black bear, deer, and the pileated woodpecker. Our culture obligates us to protect all wildlife. We have our own nursery to grow trees for replanting. Hoopa has its own Tribal Environmental Protection Agency (TEPA) that ensures that our resource management programs perform in compliance with Federal EPA regulations. TEPA is also responsible for enforcement of the Tribes solid waste ordinance.

Managing our timberlands has a considerable cost. Indian tribes are essentially federal contractors performing activities previously conducted by federal employees. These contracts, however, do not provide for benefits that would otherwise be provided to the federal employee were the BIA still performing these trust functions. Employee benefits of federal employees, such as workers compensation and health care policies, are more expensive to tribal employees who must purchase small group policies.

We ask that Congress allow tribes which are compacting to perform trust functions be allowed to purchase insurance through the federal insurance program. Coverage by the Federal Employment Compensation Act ("FECA") and Federal Employees Health Benefits contracts can be extended to tribal contractors without cost to the federal government. Federal health insurance policies, covering millions of workers, are negotiated by the Office of Personnel Management with private carriers. Costs are paid by the employees and the agencies. Permitting tribes to participate in those large negotiated contracts will have a de minimis effect on the federal insurance group size and characteristics. Tribes and tribal employees will pay the costs of coverage.

Injured employees' FECA benefits costs are charged back to federal agencies in the following fiscal year. Such costs can also be charged back to tribal employers if FECA covers tribal employees. Tribal employees are already covered by the Federal Tort Claim Act when carrying out the Indian Self Determination Act, Pub. L. 93-638. The Northwest Portland Area Indian Health Board and various Indian tribes participating in the self-governance project support permitting tribes to participate in these federal benefit programs.

The Tribe also owns and operates its own logging company creating seasonal employment and additional revenue from annual timber harvests. Here again we work to create balance. We have been very successful at protecting the environment, less successful, perhaps, at laying out profitable timber sales for our logging company as of late. This is because the Hoopa Reservation is made up primarily of steep rugged terrain, and because most of the more easily accessible timber was harvested in the 1950's, 60's and 70's. Hoopa Forest Industries has had to shift from primarily cat logging to logging the annual timber harvest by high lead yarder, a piece of equipment that lifts and suspends logs through use of cables as it yards them to the landing to reduce significantly the impact to topsoil and prevent erosion. Tribal loggers have an opinion of how logging should go and how to be more productive and we respect that. Our goal is to have both departments work together and agree on a harvest management plan that achieves the Tribe's two objectives of environmental protection and timber harvest.

An integral part of forestry management is forestry protection from fire and theft. Hoopa created its own Wildland Fire Protection, the largest and most developed tribal program in the state and, possibly, the Nation. All tribal fire fighters meet the same qualification requirements of the United States Forest Service and the California Division of Forestry. Our fire crews are dispatched across the West as

needed to fight fire on state, federal and tribal lands. Our program includes a wildland “urban interface” component to remove fuels and protect both homes and timberlands from fires. This program is also considered by the BIA and other tribes to be a model for Indian Country.

The lands adjacent to our Eastern border were recently changed to wilderness. I raise this today because of concerns regarding catastrophic fire. Last year two fires on our Eastern border each grew to 100,000 acres. Six years ago a 100,000 acre fire breached our border and was stopped by backfires ignited on our reservation, causing significant loss to plantation. Nature is a messy place. There is significant blow-down and knockdown of timber and hardwoods annually from strong seasonal storms in our area. Nature cleans up its mess as well, through fire. Fire, however, is indiscriminate when it reaches the boundary of a wilderness area. Prior to the designation of this area as wilderness, the Hoopa Valley Tribe was working with the Six Rivers National Forest on a stewardship agreement that would have allowed for manual release of these “fuels.” We would like to address these concerns through such an agreement that would allow us to manually remove understory brush and downed timber and hardwoods for fire protection in the newly designated section of the Trinity Wilderness and Six Rivers National Forest.

Our law enforcement program includes a resource protection component that is not eligible for United States Department of Justice funding because Hoopa is in a Public Law 280 state. Without tribal law enforcement, there is no protection of our timber resources from theft. We ask that the law be amended to allow application for law enforcement funding in California to support tribal law enforcement responsibilities. A priority is protection of timber resources.

We also charge to logging the cost of road betterment. When Hoopa assumed forestry management, it also took over the BIA roads department. Though the reservation contains over two hundred miles of roads the Tribe receives \$113,000 a year for roads maintenance, not enough to maintain five miles of road. To maintain and upgrade our forest roads neglected for decades by the BIA a percentage of annual timber sales goes towards roads maintenance. Five years ago the Tribe invested in an aggregate plant, with revenues generated from the sale of sand, gravel, road base, and cement, which now helps subsidize the roads program by paying the salaries of roads department employees. That plant, Hoopa Valley Tribal Roads and Ready Mix, also works and contracts with The Humboldt County Roads Department and the California Department of Transportation (“Cal Trans”) to coordinate roads maintenance and improvement. This program is now recognized as a model for Indian nations.

Hoopa’s second major resource program is its fisheries program. This is not an income generator for the Tribe, but protection of salmon, steelhead, sturgeon and lamprey has significant, social, cultural, and economic significance to our people. These anadromous species have given sustenance to the Hoopa people since the beginning of time. They supplement our otherwise unhealthy diet and reduce our cost of living. The Hoopa Valley Tribe is committed to advocating for, defending, protecting, and restoring the fishery of the Trinity and Klamath Rivers basins. The Klamath and Trinity Rivers constitute the third largest producer of wild salmon on the West Coast but this system is under extreme stress and its production has dropped to the lowest in recorded history. Restoration programs for both rivers need to be implemented and funded immediately. The Hoopa Valley Tribe strongly supports the removal of the four dams on the lower Klamath River to restore fishery habitat and access for salmon to the upper Klamath basin. These four dams provide no water for irrigation.

Finally, the Hoopa Valley Tribe has sought to diversify by investing in a new industry to reduce its reliance on its timber for income and jobs. The Tribe created Hoopa Modular Building Enterprises (HMBE) in 2005. Last year was a very rough year for this business because Northern California was declared a disaster area from a flood event that inundated the North State. We struggled through this first phase of development, learning as we went, and I believe that we have made a sound business decision that will achieve the Tribe’s objectives. HMBE builds low-cost, high quality housing to meet the needs of new tribal and non-tribal home-buyers. We have created an enterprise that employs fifty employees inside the plant. Investment and diversification are difficult concepts for impoverished Indian communities. I believe we are blazing a trail that will create opportunity for the Hoopa Tribe, its people and its children for the future and for generations to come.

Thank you for your time. I would be glad to respond to any questions that you may have.

The CHAIRMAN. Thank you. Let us proceed with the rest of the panel first. Mr. Box, Vice-Chair.

**STATEMENT OF MATTHEW BOX, VICE-CHAIRMAN,
SOUTHERN UTE INDIAN TRIBE**

Mr. Box. Chairman Rahall, members of the Council, good morning. I am Matthew Box. I am the Vice-Chairman of the Southern Ute Tribe of the Southern Ute Indian Reservation in southwestern Colorado. It is a great honor and a privilege to be here before you today. On behalf of my tribe, I thank you.

With me today are Councilman Newton, our general counsel, as well as our Executive Director of the Southern Ute Tribal Growth Fund. The subject of the evolving west has many, many issues. Population, growth, infrastructure, environmental protection, preservation of open space, rural poverty, healthcare and immigration are just a few. We are glad to know this Committee also recognizes the issues of Indian country as an important part of your decision. Most of the 300 Indian reservations are found in the west, and nine of those Indian reservations are bigger than the State of Delaware.

Approximately half a million Native Americans live on reservations, and we have unique challenges and needs. Every problem and challenge that exists elsewhere in the west also exists on Indian reservations. In addition, we are engaged in a constant struggle to maintain our sovereignty, our homelands and our culture. We are also compelled to call upon the Federal government to fulfill its obligation under the Federal Trust Responsibility.

Our tribe is not a story about problems, needs or demands. However, our story is of success and evolution. Our reservation, my homeland, is located in the four corners region. There are approximately 710,000 acres within the exterior boundaries of our reservation. As a result of historical developments, including homesteading, more than half of the surface lands are owned by persons other than the tribe or its members. Our reservation sits on the northern end of the San Juan Basin and is a prolific natural gas field.

Fifty years ago, our tribe existed in poverty. As a direct result of development of our natural gas resource, we are no longer impoverished. Our tribe is one of the strongest economic forces in our region. It is the largest employer in the four corners with over 1,000 employees. We have our own elementary school, which most of our young children attend. Our campus has modern buildings, including a courthouse and jail, recreational facilities and administrative offices. Our water treatment plant and wastewater treatment plants are state-of-the-art facilities and provide services to neighboring non-Indian communities.

Our financial success has allowed us to provide retirement benefits to our elders, scholarships to our students, and payments to our members. Although we continue to struggle to improve healthcare on our reservation, we are making progress in securing health insurance for all of our members. These are just some of our accomplishments, and we are looking forward to moving every day.

In my written testimony, I have outlined some of the steps we have taken to maximize the value of our natural gas resources. Under the supervision of the BIA Affairs, our tribe began issuing

oil and gas leases in 1950, and we are no longer passive recipients of royalties. However, in 1992, we created our own oil and gas operating company and repurchased the working interests in many of our leases. In 1995, we formed a partnership with another company and purchased a major pipeline gathering and treating system on the reservation. Today 1 percent of the nation's natural gas requirements are met by gas produced from our reservation and travels through our pipeline system.

From a cultural perspective, we have been proud stewards of our land. Our companies have set the standards for sound environmental practices on the reservations. Our concerns about unnecessary surface disturbance even in situations where there are split surface and subsurface estates has allowed us to continue development without much of the bitter complaint heard in the western regions. I have provided more detail about these matters in my written testimony.

As an Indian tribe, however, we are still limited by the complex series of Federal laws and regulations that govern our activities. Even in advocating self-determination, we are forced to rely on Federal agencies for approval and supervision in many areas. In our mind, the Federal agencies are neglecting their duties. The BIA seems near collapse, and we have been advised that BIA realty functions cannot be performed. This is a critical aspect of trust responsibility.

Our local Indian irrigation project is also on the verge of ruin. We have concerns with the mineral management service and the trend to abandon proven royalty audit practices. Indian health services are also woefully inadequate. We have contracted to perform many Federal functions because we think we can do a better job, but the funding needed for us to carry out those functions are never enough and are inadequate.

We have learned that we can do much to help ourselves, and we intend to continue to walk down that path. We are proud of our success but also remain concerned that the Federal trust responsibility is changing not by conscious decision but simply by neglect.

As the future unfolds, we plan to continue our success so that our tribe can remain a presence in the west in perpetuity. We intend to build upon the strong relationships that we have with our neighbors, our state and our local governments. We have proven, however, that we are capable of chartering our own path, and we will continue to defend our sovereignty, our right to decide our own destiny for ourselves, our children, as well as the generations of the Southern Ute Tribe. Thank you for your time.

[The prepared statement of Mr. Box follows:]

**Statement of Matthew Box, Vice-Chairman,
Southern Ute Indian Tribe**

Chairman Rahall and Members of the Committee:

On behalf of the Southern Ute Indian Tribe, I am deeply honored to be here today as a participant in your discussions of "The Evolving West." Indian country is a significant part of the West, and our cultures have been a major influence on its history and themes. There are approximately 300 Indian Reservations in the United States that collectively represent more than 2% of the Nation's land base. Most of those reservations are located in the West. Nine of those reservations are larger than the State of Delaware.

Based upon the 2000 Census, it is estimated that 2.5 million Native Americans live in the continental United States and Alaska, with approximately 500,000 Native Americans residing on Indian Reservations. We are the survivors of federal Indian policies that have varied dramatically through different periods of our Nation's history. Commencing with early treaty-making and sovereign recognition of tribes, those policies have included: removal of Indians from the East to the West, the creation of Reservations, the end of treaty-making, non-Indian settlement of aboriginal lands in the West, individual Indian land allotment, tribal re-organization, tribal termination, and, more recently, tribal self-determination.

My homeland, the Southern Ute Indian Reservation, is located in southwestern Colorado in the Four Corners Region. Since 1868, Ute-treaty lands that once comprised most of the western portion of the State of Colorado have been significantly reduced in size. Our Reservation now consists of approximately 710,000 acres; however, our Tribe owns less than fifty percent of that land. There are 1430 members of our Tribe, approximately half of whom live on the Reservation. Our people, land, and resources are our most important assets.

Despite many challenges to our Tribe's survival, today we can report substantial success. We have emerged from relative poverty to be one of the strongest economic forces in our region. We are the largest employer in the Four Corners with over one thousand employees, including many non-Indians. Most of our young children attend our own school, which is funded principally by the Tribe. Additionally, we provide substantial scholarship opportunities for members seeking secondary and graduate level studies. Our community infrastructure includes modern office buildings, top flight recreational facilities, and a modern courthouse and jail. Our water treatment plant provides safe drinking water not just to tribal members, but also to several non-Indian communities. Our waste water treatment plant, which also serves non-tribal entities, is state of the art. In addition to per capita distributions and dividends to members from our financial investments, the Tribe provides retirement payments to our elders. We have a tribal member life insurance program, and we are pursuing health insurance programs. These are some of our accomplishments, and we are moving forward every day.

The source of our success has been our land. Located on the northern portion of the San Juan Basin, our lands contain vast quantities of natural gas, including coalbed methane. Revenues from natural gas production have been our economic lifeblood. Commencing in the 1950s, under the supervision of the Bureau of Indian Affairs ("BIA") we issued oil and gas leases to production companies. We relied heavily on the BIA and other federal agencies to ensure that companies complied with their lease terms. Our tribal leaders quickly learned, however, that lease compliance was not a priority for the federal government. In response, our Tribe created its own Energy Department in 1980. In the process of collecting and reviewing information about our leases, we found that several companies, which had not complied with drilling and development obligations, held thousands of acres of our mineral lands for speculation. Additionally, leasing companies often avoided their royalty payment responsibilities. Since forming our own Energy Department, we have been aggressive in ensuring that companies comply with their lease obligations. Those efforts have required us to work closely with a number of federal agencies, including: the BIA, the Bureau of Land Management ("BLM"), and the Minerals Management Service ("MMS").

In 1982, with the help of this Committee, Congress enacted the Indian Mineral Development Act, which for the first time authorized us to negotiate leases and flexible agreements directly with companies, subject to Secretarial approval. With the discovery of coalbed methane in our region, we took advantage of the new law, and by 1990, we had entered into more of those agreements than any other tribe. During that same time period, Congress approved settlement of our reserved water rights claims and appropriated funds for tribal economic development. This Committee has consistently supported implementation of that settlement agreement, and we remain extremely grateful for that support.

With a portion of the water settlement funds, we created our own energy company, Red Willow Production Company. Over time we purchased back many of our old leases and improved operations. Red Willow is now one of the largest producers of natural gas in Colorado. We also purchased an interest in one of the major gas gathering and treating companies operating on our Reservation. Today, more than one percent of the natural gas needed to satisfy the Nation's natural gas requirements comes from our Reservation and flows through our gathering company facilities. Our in-house staff of engineers, geologists, landmen, accountants, and computer specialists is recognized as one of the best in the industry.

While our tribal leaders actively pursued strategies for enhancing revenue from our natural gas resources, they also recognized that those resources are finite and

non-renewable. In fact, gas production volumes have already begun to decline on our Reservation. In order to prepare for the future, we have diversified our investments into new areas, including: biomedical research, real estate development, home-building, radio scanning technology, and computer technology, and we are evaluating alternative energy technologies. Although gas will continue to be produced from our Reservation for several decades, our approach is long-term. We intend to remain on our lands forever.

Natural resource development poses many challenges, including environmental concerns. We have attempted to lead the way in employing prudent environmental practices. Protection of the environment is part of our cultural teachings, we generally exceed the requirements of laws in such matters. For example, in response to those who wanted to employ less-expensive methods of disposal, our Tribe insisted on deep underground injection of water produced in conjunction of coalbed methane. Only by doing so could we protect our water resources from degradation. We have also insisted upon development practices that minimize duplication of well pads and pipelines needed to produce gas. We were one of the first governmental entities in our region to monitor air quality, and our historical air quality data and information have been critical in evaluating the effects of growth and resource development in our region. Our Environmental Programs Division, Natural Resources Department, and Energy Department work in cooperation with federal, state and local governments in establishing environmental best practices. As participants and sponsors of such organizations as the Western Governors' Association and the Council of Energy Resource Tribes, we have been at the table with leaders throughout the West to discuss many of the issues related to natural resource development.

For example, one common circumstance that complicates energy resource development arises from ownership of split estates. Because of the federal reservation of mineral estates on many lands in the West, particularly lands patented after 1916, the federal government owns the oil and gas rights under lands where private parties own the surface. The patents under such lands guaranteed the federal government the right to develop those minerals. However, the issuance of federal oil and gas leases and the drilling of wells on those lands frequently raise objections from the private surface owners. Such conflicts are intensifying as more and more people build homes in once-rural areas and as more gas wells are drilled to recover leased resources. Although there are some unique federal aspects of the split estate issue, it is not just a federal matter. Even on lands patented in earlier time periods where there was initially no split estate, the private division of surface and subsurface interests has led to split estates.

We have this same situation on our Reservation, where the Tribe is the beneficial owner of trust minerals that underlie private, fee surface lands. Just as the Nation's demand for energy calls for additional development on federal lands, our economic needs require us to proceed with development of our gas resources on split estate lands. We have, however, been able to avoid much of the conflict that has occurred in other areas. We work extremely hard to meet the reasonable requests of surface owners, including their preferences for location of wellpads and pipelines and non-duplication of such facilities. We also believe that advances in horizontal drilling technology hold significant promise in minimizing surface disturbance in the future. We believe we are part of the solution and not just part of the problem. Even though it will not occur overnight, we also recognize that, ultimately, less dependence on non-renewable energy resources and greater reliance on alternative energy sources could reduce the adverse surface effects of gas development.

The success and growth of our Tribe has had a number of political and social consequences that deserve mention. While decades ago, our neighbors, and officials from federal, state and local governments gave consistent encouragement for us to improve ourselves, they had no idea that we would really succeed. While many of our friends and neighbors have congratulated us for our accomplishments, in some cases, there has been a backlash to our achievements. As one former tribal chairman put it, "They liked us better when we were poor." People who feel that way simply have no understanding of the historical conditions that defined our path and the institutional disadvantages that we have had to overcome. Increasingly, we are called upon to defend the attributes of sovereignty that our Tribe possesses.

Much of the last year, for example, has been spent deflecting the efforts of energy transmission companies to obtain condemnation powers over tribal lands in the West. A congressionally mandated study of this issue, called for in Section 1813 of the Energy Policy Act of 2005, is close to completion. We have reason to believe that the collective resistance of tribes to condemnation of tribal land will be positively reflected in the final report that you will receive in the near future from the Department of Energy and the Department of the Interior. We hope that members of this Committee and other Members of Congress will continue to honor the promises of

tribal sovereignty made to Native Americans, and that you will resist efforts to limit our powers to control our lands or to subject tribes to the regulatory or taxing powers of State and local governments. We also hope that you will recognize the tremendous contributions that our achievements have had on the economic stability of our neighboring communities.

Institutional obstacles to the success of tribes continue to exist in numerous areas. Unfortunately, many of those barriers are the direct result of federal laws and policies and lack of federal attention. Because of the pervasive role of the Department of the Interior in Indian affairs, we are limited by law in what we can do without Departmental approval or involvement. Despite the dedicated service of many in the agency, the BIA appears to be collapsing. Only last week, our local BIA Superintendent informed our Tribal Council that our agency no longer has the resources to maintain the realty records for our lands. The limited staff is overwhelmed with the thousands of transactions that take place on our Reservation each year. The maintenance of those records is a fundamental aspect of federal trust responsibility. We cannot function without reliable realty records. We are prohibited by federal law from granting leases or rights of way without BIA approval. In many cases, delays in the review of environmental reports, archeological reports, and land status are extending from months to years. Those delays directly affect our development and revenues as well as the operations of third parties who must cross our lands in the normal course of business.

The shortfall in BIA support has affected our Tribe in other important areas. In 1972, Congress specifically authorized our Tribe to purchase lands for trust consolidation on our Reservation (25 U.S.C. § 668). We have paid the money and purchased such lands. Most of these properties are agricultural or open space. None of them involve casinos or gaming issues. Currently, twenty applications are pending to place those lands into trust status. The applications have been awaiting approval anywhere from 3 to 11 years without action. Based on recent public comments of senior officials in the BIA, our situation is not unique. There are no resources anticipated to process those applications in the foreseeable future. Local BIA officials have also informed us that operational funds for our Indian irrigation project have dried up.

Health care also remains a critical concern on our Reservation. Approximately, twenty years ago, our Tribe used its own funds to construct a health clinic, which was leased to the Indian Health Service ("IHS") to care for Indians on our Reservation. To facilitate the delivery of care, we contracted to operate the health clinic under the provisions of the Indian Self-Determination and Education Assistance Act. For two years, our contract has remained in a state of limbo because we refused to accept less than the statutory rate for providing the health care service. We have requested a federal court to order the IHS to comply with the law. Again, our experiences are not unique in this area.

We were one of the first tribes in the country to contract to perform royalty audits in conjunction with the MMS. Since 1985, our auditors have recovered more than sixty million dollars in underpayments from oil and gas companies operating on our Reservation. For reasons that we do not understand, the MMS wants to abandon or de-emphasize the practice of conducting royalty audits. In place of royalty audits, the MMS wants to utilize "compliance reviews," which rely principally on unverified company-generated data. The information supplied by the MMS to Congress in support of this policy change has been flawed and has materially understated the amounts recovered by State and tribal auditors. Despite our request that MMS present corrected data to Congress, it has not done so, and the Agency's reaction to our criticism has been hostile. In addition to demanding restrictive changes to our audit contract, the Southern Ute Indian Tribe no longer has a representative on the Royalty Policy Committee ("RPC") where we have had a representative since creation of the RPC.

In conclusion, Members of this Committee understand that federal Indian policy is complex and that our futures are tied in large measure to the actions of Congress. As the West evolves, we hope that Congress will take the actions needed to maintain the vibrancy of our people and cultures. We also urge you to protect tribal sovereignty. Our Tribe is a proud example of what can be accomplished through strong leadership, hard work, and prudent resource development. Although our Tribe has the tools to be largely self-reliant, many tribes remain principally dependent upon the federal government for their existence. Accordingly, the federal trust responsibility is extremely important in Indian country and will be so for the foreseeable future. As we evolve, historic relationships, including the federal trust responsibility, may also undergo changes and adjustments. We hope that refinements in the trust responsibility will be made consciously with the objective of giving tribes the option and the opportunity to prosper. We also hope that federal agencies charged

with trust duties are not permitted to limit our dreams through neglect or incompetence. We look forward to building on our relationships with State and local governments, and we are confident that through mutual respect and cooperation we can protect the people and the lands of the West for many generations.

The CHAIRMAN. Mr. Propst.

**STATEMENT OF LUTHER PROPST, EXECUTIVE DIRECTOR,
SONORAN INSTITUTE**

Mr. PROPST. Thank you, Mr. Chairman, Ranking Member Bishop and members of the Committee. My name is Luther Propst. I am Executive Director of the Sonoran Institute. We are based in Tucson. We have offices around the west and Montana and Colorado as well. Our mission is to inspire and to enable community decisions and public policies that respect the land and the people of western North America. We work all over the west in a variety of methods. A partnership with the National Association of Counties allows us to provide training programs for rural county commissioners, helping county commissioners in rural counties better manage growth as they deal with the evolving west.

As we have heard, aside from the landscape, the ownership of public lands, the aridity, the American west finds itself in an almost unique position in the global economy. Nowhere else do you have such access to wide expanses of wild lands, wildlife habitat adjoining prosperous, well-educated, economically diverse cities as well as small towns.

The opportunity in the west to live in a prosperous city or town tied into the global economy through the internet and through other mechanisms, access to air travel and so forth, coupled with the ability to be in communities that are surrounded by public lands is perhaps the most important competitive advantage that we have in the west in an increasingly global economy.

The result is the west is changing rapidly. The five fastest growing states in the country are in the west. There are problems. Of course, too many communities are left behind. We have researched the relationship between public lands and local economic prosperity. Public lands correlate with economic prosperity in western counties. That is the case in metropolitan areas. That is the case in nonmetropolitan areas. The relationship is complex.

It is multifaceted, but there are four quick points I would leave you with. The first is counties with more public land are more prosperous than counties with less. Second, counties with public lands and protected status are more prosperous than those that are managed for other uses. Third, counties—and I think this is critical—counties with a diverse economic base, a base that includes a wide range of economic activities, including extraction, including tourism and including this new economy that I would call the knowledge economy that Governor Schweitzer talked about, counties with a diverse economic base have better demonstrated economic performance than those with the dependence upon a single activity, whether that single activity is resource extraction or tourism or what have you.

There are many factors that correlate with economic prosperity in the west. Public lands is one that our research indicates is

important. It is important to aim the economy for high-wage producer services. How do you move beyond tourism, which is seasonal? How do you move beyond lower-paying jobs to a higher paid economy? How do you help these communities move to a more mature economy that includes healthcare, that includes finance, engineering, the whole range of professional services?

As Governor Schweitzer said, education is a key factor. Proximity to the global economy through airports is a key factor. The presence of ski areas correlates with economic performance because again it attracts outside capital and ideas.

The fourth factor is the major growth engine in the west. The major growth engine over the last 30 years is coming from new and innovative sectors. Services, if you will, make up 80 percent of all new jobs, more than half of all the net growth in real personal income.

You can look at a variety of case studies for how this plays out. We have recently done a research project that we produced with the Theodore Roosevelt Conservation Partnership looking at the correlation between hunting and angling and economic prosperity, and in every western state, you can see a dramatic amount of income that comes from the presence of hunters and anglers, around a half a billion dollars in income in most states, but more importantly, harder to connect, harder to discern, harder to measure but more importantly, sportsmen and sportswomen and other visitors to the west also quite often relocate to the west, and they bring jobs. They bring energy. They bring capital. They bring income. So the question in the west is, how do we capture this amenity growth, if you will?

There are two major problems very quickly. The first is too many communities are left behind. We have to figure out a way to improve the economic performance in more communities. Second, the growth that has come in as a result of this knowledge economy is causing a whole new range of threats to public lands and to private lands in the west. We have heard about wildfire. The more development we have scattered around the west, the more challenging it is to manage fire.

In summary, a quick comment. Extractive uses continue in the west. They are very important in a fairly small number of counties and communities around the west. Their contribution remains important, but it is diminishing because of the growth in other sectors of the economy. Jobs versus the environment is no longer the dominant paradigm in the west.

The environment, conservation and sound management of our public lands provides the foundation for economic prosperity for good, sustainable jobs. With collaboration, with partnerships, basing our decisions on sound information, we can build a west that is both prosperous and environmentally healthy. As Wallace Stegner wrote, "With a society to match its scenery." Thank you very much for the opportunity to speak.

[The prepared statement of Mr. Propst follows:]

**Statement of Luther Propst, Executive Director,
Sonoran Institute**

I commend the Committee on Natural Resources for holding this hearing on the "Evolving West" and thank you for the invitation to testify. My name is Luther

Propst. I am the executive director of the Sonoran Institute, a non-profit organization dedicated to promoting community decisions that respect the land and the people of the West. At the Sonoran Institute, we work every day on key trends and issues that influence the health and prosperity of the rapidly changing American West.

About the Sonoran Institute

The Sonoran Institute, founded in 1990, is based in Tucson, Arizona, with offices in Phoenix, Arizona; Bozeman and Helena, Montana; Grand Junction, Colorado; and Mexicali, Mexico. The Institute's mission is to inspire and enable community decisions and public policies that respect the land and people of western North America. Through civil dialogue, collaboration, and applied knowledge, we work toward a shared community vision of lasting conservation and prosperity.

The Institute has numerous successes resulting from our collaborative and community-based approach to conservation. We have assisted more than 40 communities in western North America conserve or restore over 367,000 acres of public and private lands; secured more than \$228 million for local conservation; and established more than two dozen organizations, programs, and partnerships across the West dedicated to furthering conservation efforts on public and private lands. A hallmark of this success is our ability to reach out and engage diverse decision-makers and rural community members in conservation partnerships that reach across public, state, and private lands.

Our work is based on the premise that given a foundation of civil dialogue and meaningful public participation, a climate of inclusion and collaboration, and access to the best, most innovative tools and information, people in the private sector and all levels of government will make better decisions about conserving, developing and managing our land and waters; structuring our economy; and building livable communities.

An example of this kind of collaboration is the partnership between the Sonoran Institute and the National Association of Counties (NACo). We jointly sponsor a training program for county officials, called the Western Community Stewardship Forum, which helps rural county commissioners better manage growth. Through our partnership with NACo, we have trained and assisted more than 286 local leaders from 49 counties in eight Western states.

The West's Unique Position

The West is a landscape that stirs deep passion for many people with its wide open spaces; historic ranches and picturesque small towns; intact wildlife habitat; and opportunities for outdoor recreation. The region is unique in that half of the region is public land.

Aside from the landscape, the American West finds itself in a unique position in the global economy. Nowhere else do such vast and diverse expanses of wild lands and wildlife habitat adjoin prosperous, well-educated, economically diverse cities and towns.

More than any other place on the planet, the West combines a vibrant, diverse, mature economy with the protected public lands that provide world-class hiking, fishing, hunting, skiing, river running, wildlife watching, and opportunities for outdoor solitude.

In fact, the opportunity to live in a prosperous city or town surrounded by scenic, protected lands is perhaps the West's most important competitive advantage in an increasingly global economy.

As a result of these factors, the West is changing rapidly. Our population is growing and diversifying. Our economy is prospering and changing rapidly, though too many communities are left behind economically. Our public lands and the communities that adjoin them are becoming ever more popular. And yet our perceptions and policies have often not been so quick to evolve.

The Sonoran Institute has researched the economy of the West and the relationship between public lands and local economic prosperity. We present our findings in two recent reports: *Prosperity in the 21st Century: the Role of Protected Public Lands and You've Come a Long Way Cowboy: Ten Truths and Trends in the New American West* (www.sonoran.org/reports). To summarize several key points:

Public lands are increasingly proving themselves to be a foundation for economic prosperity in a changing global economy. Traditionally this prosperity has occurred through "boom and bust" extractive and transformative industries, but now the relationship between public lands and local and regional economies is much more complicated. The economic value of these lands is no longer defined largely by their ability to produce timber, forage, minerals, or energy. While such traditional economic activities remain important to the West, especially in select communities, these

lands make a much more significant economic impact by virtue of their contribution to developing a diverse “knowledge economy” in the West by retaining and attracting educated workers. Public lands in general correlate with local economic prosperity in Western counties, but types of management also matter. Unprotected lands that are the furthest from protected lands are the least likely to add to economic growth, while protected lands close to more protected lands are the most likely to boost that growth.

Personal income in counties with more public land grows faster than in those with less. From 1970 to 2000, real per capita income in isolated rural counties with protected lands grew more than 60 percent faster than isolated counties without any protected lands. In rural counties that were connected to larger markets and had protected public lands, real per capita income grew 75 percent faster than in counties that were connected, but did not have protected lands.

Counties with public lands in protected status are more prosperous than those that do not. Counties with large amounts of protected public lands have grown up to 66 percent faster than counties where a similarly high percentage of public land is not protected. The slowest economic growth occurs in counties with unprotected public lands and that are not close to protected areas. This applies not only to our well-known national parks and Forest Service wilderness areas, but also to the lesser-known protected areas managed in the National Landscape Conservation System by the Bureau of Land Management. In a study we completed in 2005, *The National Landscape Conservation System’s Contribution to Healthy Local Economies*, we examined 32 counties with designations dating back to the 1980s. Of these, 26 experienced continued growth in total personal income, population, per capita income and total employment before and after designation.

Counties with a diverse economic base perform better than those with a high degree of dependence on a single activity, be that resource extraction or tourism. Slow growth or economic decline is associated closely with remoteness, economies dependent on one industry, and few newcomers. Dependence on any one industry—whether it is resource extraction, agriculture, or manufacturing—makes an area vulnerable to fluctuations in global commodity prices and boom and bust cycles. In particular, we also found an inverse relationship between resource-extraction economies and county prosperity. In other words, the more dependent a county’s economy is on personal income earned from resource extractive industries, the slower the growth rate of the economy as a whole. Factors that stimulate the economy other than lands include: high-wage producer services, education, an airport, the arts, a ski area and mountains.

Economic diversification is happening across the West—even in rural areas where one might assume that traditional industries still play a major role. In 1970 in the rural West, agriculture, mining, timber, oil and gas were 20 percent of the economy, but 30 years later, they were only 8 percent. Seven years ago, there were only 23 counties left in the West where more than 10 percent of the employment was based in transformative industries. This trend shows a maturation of Western economies—where once we relied on a single commodity, our towns and cities are now more diverse and therefore safer from global shifts in commodity prices.

The major economic engine in the West is coming from new and innovative sectors. For example, “services” make up 80 percent of all jobs and more than half of all net growth in real personal income in the last 30 years. Jobs in services include high-wage occupations in medical care, finance, engineering, and business or professional services, and also those relatively lower-wage and seasonal occupations such as in tourism and food service. Since most of the growth in the West, whether in rural or urban areas, is in services, the prosperity of rural communities depends on their ability to move beyond lower-paid jobs and capture those higher-wage service sectors. For a county or state to capture these high-wage producer services, education is an essential factor—we found that from 1990 to 2003, real wages in counties where more than 50 percent of the jobs require a college degree grew by 26 percent, compared to 7 percent growth in counties where less than 50 percent of the jobs required a college degree. By 2003 the average wage in the “college degree required” counties was \$52,678, or 75 percent higher than the \$39,409 average wage in counties where most jobs do not require a college degree.

Non-labor income, which is primarily age-related payments or money earned from investments, is actually the largest source of real income growth in the rural West. Non-labor income is 30 percent of all personal income and more than 20 percent of income growth in the last 30 years. These trends reflect an aging population and a different type of retirement—one where retirees are active citizens and are often attracted by recreational activities.

Hunting and angling are major forces in the Western economy and their impact is felt in two completely different ways. According to *Backcountry Bounty: Hunters,*

Anglers and Prosperity in the American West, a report published by the Theodore Roosevelt Conservation Partnership and the Sonoran Institute, the first is direct expenditures. For example, hunters and anglers contributed \$548 million in total expenditures in Arizona, \$542 million in Idaho, and \$530 million in Montana in 2001. In Montana, 68 percent identify themselves as public land hunters, while in Arizona it is 82 percent and in Idaho, 88 percent. Sportsmen account nationally for a \$70 billion dollar industry—larger than Home Depot or AT&T. According to the International Association of Fish and Wildlife Agencies, \$4.7 billion was spent on retail sales and more than 9,000 jobs were created for hunting in Colorado in 2001.

Second, hunters, anglers, and other outdoor enthusiasts who visit the West quite often relocate and bring income and jobs to the places they hunt, fish or visit. For example, Paul Bruun, who first visited Wyoming to fish with his grandfather in 1955, owns and operates the earliest float-fishing permit on the lower Snake River. He is quoted in Backcountry Bounty: "I know my small operation and others like it are the economic foundation to many Western communities." Another example is Rhonda Fitzgerald, quoted in the Western Montana Business Journal in 2004: "Almost all the people who have opened new businesses here in the last 25 years came here as visitors and stayed because they loved it. That's what I did."

We have found that the influx of new people is very closely tied to economic growth. These people are attracted to places with reasonable access to markets, good educational systems, and the presence of amenities—almost always protected public lands, wildlife habitat, or wild rivers with good fishing.

This "amenity growth" in the West offers opportunity and prosperity, but also presents a new generation of challenges. Addressing these challenges requires a partnership between the public and private sectors, and among cities and towns, counties, Western states and the federal government. Two of the most pressing challenges are:

Some communities are left behind due to isolation, low commodity prices, and played-out resource extraction. It is encouraging to note that investment in alternative or renewable energy resources offers great promise to many of these economically struggling communities—wind in Montana and Wyoming, oilseed crops in Oregon and Washington, and solar facilities in the Southwest.

Parts of the West are growing so rapidly that the growth threatens to undermine the health of the lands and the quality of life that people value so highly. The University of Colorado Center of the American West projects 40 million new residents in the West by 2040, a 65 percent increase. Five of the six fastest growing states in the U.S. are in the Intermountain West (Arizona, Nevada, Colorado, Utah and Idaho). For local officials and public-land managers alike this rapid growth creates daunting new challenges, ranging from sprawling development that blocks wildlife corridors to scattered, hop-scotch development patterns that prevent effective fire management and strain the ability of both urban and rural counties to provide basic public services; from negative social impacts that accompany energy development to escalating housing prices that working people can no longer afford; from groundwater pumping and water diversions that dry up precious rivers and riparian areas to the robust challenges of an oversubscribed Colorado River.

Summary: From Extraction to Attraction

Western public lands have evolved from primarily being valued for the wealth that can be extracted from them and for their attractiveness to visitors, to their increasingly recognized value for the ecosystem services they provide (e.g. fish and wildlife habitat, water retention and storage) and for the contribution they make to creating a diverse, prosperous "knowledge economy." Increasingly, Western decision-makers realize that one of the West's most important competitive advantages in an increasingly global economy is the opportunity to live and work in a prosperous city or town surrounded by public lands.

Extractive uses continue, and play an important role in some regions; however, their contribution is diminishing as the economy of the West continues to diversify and grow. As the West's competitive advantage in a global economy, public lands are valuable for the fish and wildlife they protect, for the sustainable natural and economic assets they provide, and for the economic growth and diversity they bring to Western states and communities.

One of the core principles that must be considered in managing public lands is that the role they play has grown increasingly complex. In response, Western communities and land managers are experimenting with new approaches and partnerships to protect our magnificent landscapes, while promoting sustainable, long-term

prosperity. Good stewardship is essential to conserve the West's character, quality of life, and natural and economic assets. Fortunately, economic forces are not conflicting with this pursuit; rather, the economy supports it.

With collaboration, partnerships and sound information, we can build a West that is "both prosperous and environmentally healthy," with, as Wallace Stegner wrote, "a society to match its scenery."

NOTE: Additional information submitted by Mr. Propst has been retained in the Committee's official files.

Ms. NAPOLITANO [presiding]. Thank you, Mr. Propst. Next we will hear from Russell Vaagen.

**STATEMENT OF RUSSELL C. VAAGEN, VICE PRESIDENT,
VAAGEN BROTHER'S LUMBER INC.**

Mr. VAAGEN. Vaagen, correct. Yes.

Ms. NAPOLITANO. Thank you, sir. You have five minutes.

Mr. VAAGEN. OK. Good afternoon, Committee. Thank you for having me and the rest of this panel. I think it is a very good discussion to have and move forward with. As was said, my name is Russ Vaagen. I am Vice-President of Vaagen Brother's Lumber. I also serve as Vice-President of the Northeast Washington Forestry Coalition. My family's company has been operating in northeast Washington since 1952, and my great-grandfather on land that my family owns now operated sawmills back into the 1920s.

Vaagen Brother's Lumber has always been a leader in utilizing as much fiber as possible from the forest, and in the late 1980s, we started pioneering small diameter sawmill technology in the U.S. and North America. Today our focus is small logs. We produce lumber out of logs starting at four-inch small in diameter, and we make chips from logs down to two-inch small in diameter. It is truly a small diameter process.

In the past 55 years since my family has been operating sawmills in northeast Washington, we have seen many changes. I am going to talk about four points that address these changes and how we can begin improving the health of the forests and communities of the west.

As mentioned before, I am part of a local collaborative group called the Northeast Washington Forestry Coalition that meets to discuss and solve issues related to management of the Colville National Forest. The Coalition consists of conservation groups, timber companies, a paper mill, a power company, consulting foresters, loggers, a ski area, and all interested members of the public that want to be involved. It is an open group.

The timber industry and conservation groups had both been at odds with the agency and each other for a number of years. Four years ago, our group was formed to discuss our concerns with the management of the Colville National Forest, and out of that, we discovered that the interests of the local timber industry and the environmentalists were very similar.

We both wanted healthy forests and healthy communities, but we were not seeing enough progress on either front. We have come to agree that we can have more timber harvested at the same time we protect other areas of the forest. We have not had a project appealed or litigated on the Colville for more than two years. I think that says a lot. The Northeast Washington Forestry Coalition has

a memorandum of understanding signed with the Colville National Forest to collaborate on projects and issues of managing the forest.

We are in constant communication with the Forest Service, and the process has been very successful and looks to build momentum in the future. Currently, the Colville National Forest sells about 35 million board feet. Our coalition has identified an area in need of responsible management that can support 80 million board feet annually. Producing more logs from the forest is important, but we are also working on protecting more areas of the forest, possibly even new wilderness. It is what we call the blueprint for future management of our forest. The Forestry Coalition is a great group, an example of how people are working together to solve problems and build hope for a strong and balanced future.

We have a serious problem in the west, especially on our national forests. Our forests by and large are overstocked with too many trees fighting for water and sunlight, making them strain to survive. This is due to decades of fire suppression to keep fires to a minimum in order to protect property, resources and habitat. Not allowing fires to burn when the fuel loads were lower had the consequence of putting too many trees and too much brush on the landscape. This means that when fires, insects and disease enter the forest, consequences can be catastrophic.

In certain areas, we need to continue suppressing fires to protect homes and communities, but we need to manage the forest to keep the forest from becoming overgrown. Thinning these forests and providing products to local businesses is the best way to achieve this. It adds value at every step to the land, to the community, and to the economy.

The Forest Service will spend almost \$2 billion in fire preparedness and suppression this year. Those activities now account for 45 percent of the agency's budget. It is staggering. But fires are a symptom of a larger problem. The driving problem is poor forest health and overcrowded forests. Congress can help solve the problem by directing more funding to projects designed to reduce fuels and improve the health of the forest.

If we just keep spending more money on firefighting, we will continue to see the problem get larger and become more expensive in the future. We can completely reverse this trend by harvesting valuable products from these areas while improving the health of the forest.

Now sawmills are the greatest tool for treating our forests. Without sawmills, there are little or no market for valuable material that needs to be removed from project areas, because there is such a critical need to treat large areas at landscape level being able to sell large volumes of small and medium-sized logs is critical.

Unfortunately, there are many areas in the west where sawmill infrastructure is gone or on the brink of disappearing. In areas of New Mexico, Colorado, California, Utah, Wyoming and others that used to have sawmills all over the place, they now have nothing. This makes it nearly impossible to do the work effectively.

The cost of getting infrastructure back is also staggering. We need to make sure that the focus is placed on creating large projects where the infrastructure currently exists in order to maintain it, and then large projects should also be created in other

areas in order to give incentives for new businesses to start. Small projects over short periods of time do not provide enough material or predictability to maintain a business. There have been projects that are more than 100,000 acres in size and 10 years in length, and we need to see more of those.

The fourth and final point I would like to touch on is about the economics. One thing people may not know is we have talked a lot about jobs and the diversity of jobs. The jobs in mills and in the woods are some of the highest-paying careers in the rural economy. This makes up a very important part of our economic engine for our communities. Having mills adds value to property owners by providing an outlet for them to sell their logs while taking care of their property. It also allows them to keep their land as working forests rather than development, which is also changing in the west.

Timber revenue from rural west can also generate tax dollars. Increasing volumes of timber from the national forests from good projects can generate funds for counties. This could be part of the solution for secure rural schools in the county payments issue. Sawmills and the resource industry are not the cornerstone of the rural western communities that they once were, but they play a vital role in the overall economic picture.

If you look at the vibrant towns in the rural west, they have an element of balance. I truly believe by treating our forests in a sensible way led by collaborative groups like the Northeast Washington Forestry Coalition we can add real economic and ecologic stability to communities.

In conclusion, my key points are that collaboration makes sense, and it is very important to the management of our national forests. Forest health is an important issue with real consequences, and we must take action. Sawmill infrastructure makes forest health treatments possible, and finally the management of our Federal forests has a profound impact on our rural communities.

The west is indeed changing, and my community is evidence of that. But while everything about our community is now more diverse and dynamic, we found that collaboration through groups like the Northeast Washington Forestry Coalition helps us find our common values and work together on solutions that meet all our needs.

Congress can help by putting focus both financially and politically on getting larger projects together that improve the state of our forests and the vitality of our rural communities. Thank you.

[The prepared statement of Mr. Vaagen follows:]

**Statement of Russell C. Vaagen, Vice President,
Vaagen Bros. Lumber Inc.**

Good morning Chairman Rahall and members of the Committee. My name is Russ Vaagen and I am Vice President of Vaagen Bros. Lumber. I also serve as Vice President of the Northeast Washington Forestry Coalition. My family's company has been operating in Northeast Washington since 1952. We pride ourselves on running a business that is not only economically viable, but leaves things in better condition than we found them. Vaagen Bros. Lumber has always been a leader in utilizing as much fiber as possible from the forest. We utilize co-generation to create renewable power using wood waste; we sell all of our by-products to go into other products like paper, newsprint, particle board and pellets. In the late 80's our company started pioneering small diameter technology in the U.S. that had been in use in

Scandinavian countries. Today our focus is small diameter logs. We produce lumber out of logs starting at 4 inch small end diameter and we make chips from logs down to 2 inch small end diameter. The largest log that we can make lumber out of is 14 inch large end diameter. It truly is a small diameter process.

In the past 55 years since my family has been operating sawmills in NE Washington, we have seen many changes. Changes in our communities, our forests, our industry and changes in the ways we work out our differences. I am going to talk about four points that address these changes and how we can begin improving the health of the forests and communities in the West. My four key points are:

1. Collaboration
2. Forest Health and Wildfire
3. Sawmill Infrastructure
4. Rural Economics of the West

I am part of a local collaborative group called the Northeast Washington Forestry Coalition that meets to discuss and solve issues related to the management of the Colville National Forest. The Colville National Forest is 1.2 million Acres of land in the counties of Ferry, Stevens, and Pend Oreille. The Coalition consists of conservation groups, timber companies, a paper mill, a power company, consulting foresters, loggers, a ski area, and interested members of the public. The county commissioners and local politicians are also involved.

The timber industry and conservation groups had both been at odds with the agency and each other for a number of years. That all began to change when both sides started to see that they were not getting their interests met. Four years ago our group was formed to discuss our concerns with the management of the Colville National Forest and out of that we discovered that the interests of the local timber industry and the environmentalists were very similar. Both wanted healthy forests and healthy communities, but weren't seeing enough progress on either front.

We have come to agree that we can have more timber harvested at the same time we protect other areas of the forest. As a result, we have not had a project appealed on the Colville in more than two years. The Northeast Washington Forestry Coalition has a Memorandum of Understanding signed with Colville National Forest to collaborate on projects and issues of managing the forest. We are in constant communication with the Forest Service and the process has been very successful and looks to build momentum into the future. Currently the Colville National Forest sells about 35 million board feet annually. Our coalition has identified an area in need of responsible management that can support 80 million board feet annually. Producing more logs from the forest is important, but we are also working on protecting more areas of the forest, possibly even new wilderness. It is what we call the blueprint for the future management of our forest. The Northeast Washington Forestry Coalition is a great group that is an example of how people are working together to solve problems and build hope for a strong and balanced future. The members of this coalition have the full spectrum of political view points; however these issues are not political by nature.

My second point centers on forest health and wildfire. We have a serious problem in the West, especially on our National Forests. Our forests by in large are over stocked with too many trees fighting for water and sunlight, making them strain to survive. This is due to decades of fire suppression to keep fires to a minimum in order to protect property, resources and habitat. Not allowing the fires to burn when the fuel loads were lower has had the consequence of putting too many trees and too much brush on the landscape. This all means that when fires, insects or disease enter these forests the consequences can be catastrophic. In certain areas we need to continue suppressing fires to protect homes and communities, but we need to manage the forests to keep the forests from becoming overgrown. Thinning these forests and providing products to local businesses is the best way to achieve this. It adds value at every step, to the land, to the community, and to the economy. It just makes sense.

We are currently spending large amounts of money fighting these fires when, in fact the fires are a symptom of a larger problem. The Forest Service will spend almost \$2 billion for fire preparedness and suppression this year. Those two activities now account for 45% of the agency's budget, up from 15% little more than a decade ago. The driving problem is poor forest health and over crowded forests. Congress can help by in solving the problem by directing more funding to projects designed to reduce fuels and improve the health of the forests. If we just keep spending more money on fire fighting, we will continue to see the problem get larger and become even more expensive in the future. We can completely reverse the trend by harvesting valuable products from these areas while improving the health and vitality of the forest.

My third point is the importance of sawmill infrastructure in getting this work done. Sawmills are the greatest tools for treating our forests. Without sawmills there is little or no market for valuable material that needs to be removed from project areas, which will require massive amounts of federal dollars to treat our forests. Because there is such a critical need to treat large areas at a landscape level, being able to sell large volumes of small and medium sized logs is critical. Unfortunately, there are many areas of the west where sawmill infrastructure is gone or on the brink of disappearing. Areas in New Mexico, Colorado, California, Utah, Wyoming and others used to have sawmills, but now they have nothing. This makes it nearly impossible to do the work effectively. The cost of getting that infrastructure back is staggering. We need to make sure that a focus is placed on to creating large projects where the infrastructure exists in order to maintain it. Large projects should also be undertaken in areas where sawmills don't exist in order to provide opportunity for local businesses to get started again. Small projects over short periods of time do not provide enough material or the predictability to start or maintain a business. There have been projects that have been more than 100,000 acres and up to 10 years in length. We need to see more of that.

My fourth and final point is about the rural economics of the West. With the advent of the internet and improved communications the rural economy has been evolving and changing. One thing that people may not know is that in the rural communities some of the highest paying careers are in sawmills and jobs in the woods. In our area the average sawmill worker makes between \$35,000 and \$45,000 annually not including benefits. This makes up a very important part of the economic engine of our communities. Having mills adds value to property owners by providing an outlet for them to sell logs while they take care of their property. It also allows them to keep their land as working forests rather than development, which is changing the West. A healthy sawmill infrastructure allows much more opportunity for specialty and value added manufacturing. Timber revenue in the rural west also generates tax dollars for the local governments. Increasing volumes of timber from the National Forests from good projects can generate funds for counties. This could be part of the solution to secure rural schools and county payments.

Sawmills and the resource industries are not the cornerstone of these rural western communities that they once were, but they play a vital role in the overall economic picture. It is very important to create a balanced economy in these communities so they are able to weather the storms of economic downturns. If you look at the vibrant towns in the rural west they have the element of balance. I truly believe that by treating our forests in a sensible way led by collaborative groups like the Northeast Washington Forestry Coalition we can add real economic and ecologic stability to communities where it has been missing for far too long.

In conclusion my key points are:

- That collaboration makes sense and is very important to the management of our National Forests;
- That forest health is an important issue with real consequences and we must take action;
- That sawmill infrastructure makes forest health treatments possible; and finally
- The management of our Federal forests has profound impacts on our rural communities.

The West is indeed changing, and my community is evidence of that. But while everything about our community is now more diverse and dynamic, we've found that collaboration through groups like NEWFC can help us find our common values and work together on solutions that meet all our needs. Congress can help by putting focus both financially and politically on putting more large projects together that help improve the state of our forests and the vitality of our rural economies.

Thank you.

Ms. NAPOLITANO. Thank you, Mr. Vaagen. Next is Professor Lee. Welcome.

**STATEMENT OF ROBERT G. LEE, Ph.D., PROFESSOR,
SOCIOLOGY OF NATURAL RESOURCES, UNIVERSITY OF
WASHINGTON**

Mr. LEE. Thank you. I thank all members of the Committee for the invitation to speak here. I have been studying wood-producing communities in the west for about 30 years, and in the current

view, we find a far more complex and heterogeneous landscape. Some communities are thriving on imported wealth, either as amenity-based retirement communities for the middle class or estates for the wealthy. Other communities have sunk into poverty with populations that increasingly resemble urban inner cities and crime, substance abuse and reliance on government assistance.

Many of these poorer communities even in remote mountain locations are now occupied by growing populations of migrants from Central America. Persistent poverty also continues among many of the Native American populations.

So I want to speak for a few minutes about how these changes in the west may affect how we meet future challenges, and there are three challenges that I would like to emphasize. The first is climate change induced by global warming, and this has a real affect on how we deal with the forests and particularly the fact that existing technologies will permit us to manage forests for carbon conservation while protecting for biodiversity.

The current forest management policies on Federal lands favor a hands off, passive approach with minimal intervention. Passive management perpetuates unhealthy forests that are vulnerable to catastrophic outbreaks of disease, insects and wildfire. Such outbreaks contribute to global warming by releasing carbon dioxide from trees that could have remained living or been converted to wood in use by society.

Active management of forests throughout the west will provide multiple benefits and carbon conservation, green energy production, health ecosystems and wood products. Other benefits include containing runaway fire suppression costs as more forests come under active management. The second factor is oil exploration and development, and I will not say much about that because Governor Schweitzer has already commented on that extensively.

The third factor, the decline in the value of the dollar, and it is I think important for us to recognize that the current forest management policies were adopted during a robust economy when the purchasing power of the dollar was relatively strong. Resource exploitation was exported to other nations so that we could protect our forests and wild areas. If we move into a world with a weaker dollar, as some think we might, there will be increasing demand for domestic natural resources.

These factors then combine and may have an affect on how forests and other wild land areas of the west are treated, and I would like to suggest that there are at least four obstacles that will need to be overcome. The first is that development of a more resource-based economy in the west will require a knowledgeable and skilled workforce. You have heard how education in the west is suffering, particularly in rural areas, and in many areas, the skilled rural industrial workforce of the past has been degraded or no longer exists. Education and training will be needed especially for those new in migrants who lack traditional skills.

The rising prices of oil for transportation and heating will have demographic consequences, leaving rural areas to those employed in natural resource industries, stranded poor and wealthy in migrants. All this will exaggerate a current trend toward rural class stratification.

The ethic of undisturbed natural regulated ecosystems is embodied in current Federal land management policies. Challenges of climate change, energy transitions and sustenance for domestic resources could only be met if Americans learn to live in harmony with nature, not separate from it. Land management ethics and policies adopted in the 1990s must be adjusted to meet the emerging challenges of the 21st century.

And fourth, residual resentment and lack of trust in the Federal government among many western citizens inhabits investment in rural enterprises. Federal action is required to reestablish the political and legal basis for rebuilding trust in Federal land management. And in conclusion, the world of the 21st century demands a more pragmatic and principled approach to Federal forest land management in particular.

This nation's experiment with protecting self-regulating ecosystems of the west for a privilege minority is costly, impractical and fails to satisfy principles guiding a sustainable land use. To illustrate principles that will work, I am submitting for the record a part of a chapter from *Broken Trust, Broken Land*, a book I wrote in response to the formulation of current land management policies in 1994. I thank you very much for your attention today.

[The prepared statement of Mr. Lee follows:]

Statement of Robert G. Lee, Ph.D., Professor, Sociology of Natural Resources, University of Washington, Seattle, Washington

My name is Robert G. Lee. I hold a faculty appointment in the College of Forest Resources at the University of Washington, Seattle, Washington. I reside in Bow, Washington. I have served as a department chair, associate dean, and professor at the University of Washington, and have authored or edited three books and over 75 publications. As a professional sociologist and forester, much of my research has focused on wood-producing communities in the United States, Canada, and Japan. I grew up on a California ranch and was educated at the University of California, Berkeley (B.S. and Ph.D.) and Yale University (Masters of Forest Science). Before seeking University employment, I worked for the forest products industry, the U.S. Forest Service, and the National Park Service (as a research sociologist). My work on wood-producing communities and sustainability has received international attention, and President Clinton invited me to give testimony at his 1993 Forest Conference. I take pride in maintaining an independent and pragmatic stance on controversial natural resource management issues.

The "Evolving West" is best understood in light of its historic, current, and possible future contributions to the welfare of nation as a whole. The West has been shaped by demographic, social, economic, and political forces stemming from Eastern settlements and emerging cities of the Midwest and West. Hence, the image of the West has always been defined from the perspective of non-rural Westerners seeking to realize its economic or aesthetic value.

The West was opened by two closely linked demographic policies: removal of the Native American population and permitted settlement by farmers, ranchers, and miners. Its value was then redefined by Easterners who explored the West via railroad and consumed products moving east through Chicago, Kansas City and other emerging centers of commerce. The national forests, national parks, and other federal management authorities were established to harbor the value of public domain lands unclaimed by settlers. The Frontier closed by the beginning of the 20th Century, and administrative agencies (particularly the U.S. Forest Service and what became the Bureau of Land Management) worked closely with rural people to develop permanent settlements dependent on ranching and timbering.

The U.S. Forest Service distinguished itself by excelling in community and economic development. A social contract committing the federal government to rural social and economic welfare emerged and was maintained until the last decade of the 20th Century. Federal range allotments for ranchers and sustained-yield timber production for wood-producing communities were embodied in federal land management plans. These federal policies were guided by a land stewardship ethic

promising protection of the productive capability of the land and a flow of resources for perpetuity.

Two noteworthy changes, that would ultimately collide, accompanied the economic boom that followed World War II: timber production on federal lands was accelerated to meet the growing demand for middle class housing and emerging affluence and mobility brought recreational visitors to federal lands throughout the West. A commitment to the economic optimization of multiple resources (institutionalized by the requirements of the National Forest Management Act of 1976) ultimately displaced the historic stewardship ethic. By 1970, federal timber production was guided by an industrial model appropriate to a public enterprise. An extensive road network was pushed into previously unoccupied lands and federal agencies became increasingly dependent on revenues from timber sales. Although federal management practices enjoyed the respect of forestry professionals, the visiting public grew increasingly intolerant of extensive road-building and clearcutting. By the 1980's, the growing concern with forest aesthetics was compounded by new ecological findings suggesting that the survival of plant and animal species was threatened by extensive timber harvesting and road-building.

Advocates for termination of federal timber harvesting used ecological research to successfully challenge federal land management practices. Courts issued injunctions to halt federal timber harvesting in vast sections of the Pacific Northwest. During his 1992 campaign, presidential candidate Clinton promised to resolve this issue. Immediately after taking office, he held a "Forest Conference" in Portland, Oregon in April 1993. At that conference President Clinton initiated an interagency planning process that resulted in the Northwest Forest Plan. This plan was accompanied by related efforts throughout the West to reform policies governing timber, grazing, mining, and other permitted public uses of federal lands. The Northwest Forest Plan and its companion reforms were guided by a new ethical commitment that rejected both economic optimization and the historic stewardship ethic. Federal lands were to the greatest extent possible to be dedicated to protecting biodiversity and restoring the historic natural integrity of Western landscapes. This biologically-focused ethic was devoid of any concern for human welfare, other than the perceived benefits to humans of restoring nature to undisturbed, self-regulating ecosystems.

Sudden reductions in federal timber harvesting throughout the West adversely affected the local communities and economies that had been nurtured by previous federal policy. Industrial wage jobs were lost and resource-dependent businesses declared bankruptcy. Dislocated workers and entrepreneurs sold real assets at a fraction of their previous value. Affected citizens felt betrayed by their government for breaking the social contract, suffered political alienation, and turned to new political leadership—often advocating an anti-government sentiment. One hundred years of federal trust-building was quickly squandered, leaving a dispirited and reactionary population in its wake.

The unprecedented economic boom the 1990's caused many policy advocates to predict that the resource extraction economies of the West would be successfully replaced by recreation, tourism, and settlement by footloose industries relying on the internet for communications. A substantial redistribution of the nation's wealth, fed by the shrinking of the middle class, provided capital for rejuvenating many of the communities and economies devastated by a decline in resource extraction. Urban to rural migration of wealthy individuals seeking a simpler and safer rural life accelerated in the 1990's, and continued into the new century.

But places without attractive amenities did not fare as well. Rural family income declined as low-paying service employment replaced family-wage jobs. Some communities were overtaken by even greater poverty, and were wracked by family instability, violence, substance abuse, and other well-known consequences of economic dislocation and political alienation. Out-migration was common.

Today we find a far more complex and heterogeneous western landscape. Some communities are thriving on imported wealth. Others have sunk into poverty, with populations that increasingly resemble urban inner cities in crime, substance abuse, and reliance on government assistance. Many of these poor communities, even in remote mountain locations, having suffered economic decline, are now occupied by growing populations of in-migrants from Central America. These new residents tend to be very poor, have substandard educational opportunities, and rely on sporadic low-wage employment in agriculture, forests, or domestic services.

How do these changes prepare the West for the future? While I will not pretend to predict the future of the West, three historical forces are likely to work in combination to bring sustainable development to the West in the coming decades. First, attempts to limit climate change caused by global warming will stimulate efforts to substitute green energy for fossil fuels. Bioenergy appears to be a promising green alternative, since it is carbon neutral (carbon absorbed by growing plants is equal

to carbon released when plants are consumed for energy). Second, the petroleum stocks that have fueled the industrial era are growing increasingly scarce. Unless an inexpensive alternative source of energy is soon discovered, progressively rising energy prices will stimulate discovery and exploitation of remaining oil, gas, and coal deposits. Higher prices for oil will increase the economic feasibility of alternative energy sources, including biofuels. Third, the declining value of the dollar will increase the demand for domestic natural resources, including food, energy, and materials.

Forests are critical sources of carbon storage. Existing technologies permit us to manage forests for carbon conservation while protecting biodiversity. Carbon can be effectively stored in living trees or wood products in use by society. Active, ecologically informed management of forests is necessary to achieve efficient carbon conservation. Current forest management policies on federal lands favor a hands-off, passive approach with minimal intervention. As a result, vast areas of the West remain occupied by over-crowded trees. These unhealthy forests are vulnerable to catastrophic outbreaks of insects, disease, and wildfire. Such outbreaks contribute to global warming by releasing carbon dioxide from trees that could have remained living or been converted to wood in use by society. More active management of federal forests necessitates the development of rural wood-based industries appropriate to a society concerned with environmental protection, carbon conservation, and green energy sources.

Oil, gas, and coal resources in the West will become increasingly important for meeting the nation's energy needs as world oil deposits are depleted. The Rocky Mountain region appears to have the highest potential for resource discovery and exploitation. Existing knowledge and technology permits energy extraction while also protecting endangered species. In addition, volcanically active areas of the West offer potential for geothermal power.

Active management of forests throughout the West will provide opportunities for joint production of biofuels and wood products, providing multiple benefits in carbon conservation, green energy production, healthy ecosystems, and wood products. Other benefits will accrue by containing run-away fire suppression costs as more forests come under active management.

Current federal land management policies were adopted during a robust economy when the dollar was relatively strong relative to foreign currencies. Resource exploitation was exported to other nations in order to satisfy the demands of affluent urban citizens for environmental protection and restoration in the United States. Well-functioning global markets permitted the nation to substitute foreign for domestic sources of wood, food, and energy. Domestic forests, rangelands, and fossil fuel deposits could be set aside without adverse affects on the national economy. A weakening of the dollar, particularly if coupled with a weakening of the economy, could result in increasing demand for domestic natural resources abundant in the West.

Sustainable development of the West would face several obstacles. Some of these obstacles could be overcome by concerted federal action. Others would require slower changes in political culture. Foremost among these obstacles is a heterogeneous rural population.

Development of a sustainable resource-based economy in the West will require use of new technologies and scientific information. The existing workforce is inadequate. The skilled rural industrial workforce of the past has been degraded or no longer exists. Dislocated workers moved to jobs in urban areas, entered the service sector, dropped out of the economy, or retired. In-migrants are either retirees occupying with cheaper housing, wealthy urbanites seeking to reenact a romantic vision of the West, or Central Americans seeking a better life. The latter provide a valuable potential workforce, but could only fill this role only with the assistance of a substantial public investment in basic education and advanced training. Appropriate educational and training investments would also be necessary to up-grade the skills of those who have remained underemployed in rural communities following economic dislocation.

Growing shortages of oil could increase the costs of transportation to the point where living in rural areas will be prohibitively expensive for those with fixed or modest incomes. Demographic shifts could occur, with accelerated migration to population centers where public transportation was available. This would leave rural areas to those employed in natural resource industries, stranded poor, and wealthy in-migrants, exaggerating current trends in rural class stratification.

Economically independent in-migrants seeking a rural lifestyle, along with urban residents committed to the protection of undisturbed landscapes, are the most likely to resist sustainable development of the West. Resistance would stem from the romantic ethic of undisturbed nature in which ecological self-regulating substitutes for

human intervention. This ethic is embodied in current federal land management plans. Challenges of climate change, energy transitions, and sustenance from domestic resources can only be met if Americans learn to live in harmony with nature, not separate from it. A return to the earlier stewardship or economic optimization ethics is unlikely, and would not meet current challenges. As a result, federal land management agencies need to begin now to engage the full spectrum of stakeholders and policy advocates in an ongoing dialogue to reach new agreements about how to manage the natural landscapes of the West. Land management ethics and policies adopted in the 1990's cannot meet the emerging challenges of the 21st Century.

Another challenge facing the evolving West are weak relationships between the federal government and rural communities and businesses shocked by the sudden shift in federal land management policy in the 1990's. Sustainable development of the West will be most effective with active rural entrepreneurship. Residual resentment and lack of trust in the federal government inhibits investment in rural enterprises. Insecurity of property rights and federal resource supplies is a barrier to economic initiative. Federal action is required to establish the political and legal basis for rebuilding trust in federal land management.

The world of the 21st Century demands a more pragmatic and principled approach to federal land management. The nation's experiment with protecting self-regulating ecosystems of the West for a privileged minority is costly, impractical, and fails to satisfy principles guiding sustainable land use. To illustrate conditions necessary for sustainable land use, I am submitting for the Record a part of a chapter from *Broken Trust, Broken Land: Freeing Ourselves from the War over the Environment*—a book I wrote in response to the formulation of current land management policies in 1994.

Ms. NAPOLITANO. Without objection, so ordered. It will be entered into the record. I thank you for your testimony, and I would like to open first with a first question to Chairman Clifford Lyle Marshall in regard to your fisheries management efforts. You list them as your second major resource program. In addition to removing the four dams along the lower Klamath River, what role can this Committee play in assisting your efforts in restoring these fisheries?

Mr. MARSHALL. Well, as I said, the Klamath and Trinity River Basin is the third largest river system that produces anadromous fisheries, salmon, coho, both coho and chinook for the entire west coast. It drives the commercial and sport fishing industry off of the coast.

Ms. NAPOLITANO. But what role can we play?

Mr. MARSHALL. What it desperately needs is restoration funding. There has been a constant tug-of-war for restoration funding. There is a record of decision and a restoration program for the Trinity River that has been cut annually. It is in desperate need. Restoration is not going to work unless it is consistent. It has to be maintained on an annual basis over a long-term. If funding is cut, short-changed any given year, it affects a brood year cycle. So Klamath River, it has not even begun in the Klamath River. The Klamath River needs a restoration program immediately, and it needs to be funded adequately.

Ms. NAPOLITANO. Do you believe the Secretary of Interior is doing a good job in serving as the trustee to protect these fishery resources?

Mr. MARSHALL. I do not register for any party. I try to say neutral.

Ms. NAPOLITANO. No. This is the Secretary of Interior. It is not a party.

Mr. MARSHALL. Well, we have a new one. I would say the Department of the Interior is not doing an adequate job to protect the resources, the fisher resources in the Klamath and Trinity Basin.

Ms. NAPOLITANO. What do you see as a need?

Mr. MARSHALL. A focus and a priority on the river system and on the fishery. There are many competing resources. These are the last two wild and scenic rivers in the State of California. They are designated as such. The law requires that adequate stream flows be provided for anadromous and endangered species. They are competing interests, but the priorities are upside down.

Ms. NAPOLITANO. Thank you. Thank you for your honest answer. I will say that we are expecting a vote shortly. We will be three votes and maybe some other motions, and so we will try to speed this up so we do not have to return. So I will keep my questions very brief. I would like to ask Matthew Box from the Southern Ute Indian Tribe, the Vice-Chairman, I have been very active in the removal of Moab's spent uranium tailings. Are you involved with that, and although this is part of restoration and removal of contaminants, it is right by the Colorado River?

Mr. BOX. No, I do not believe. I believe that is the Northern Ute Tribe that is—

Ms. NAPOLITANO. The lower. OK. Just as a question simply because it is something that we have been working on, my subcommittee, for a very long time, and we look forward to continuing that. In the interest of time, I will defer now to Ranking Member Bishop.

Mr. BISHOP. I thank you, and I will try to make these as quick as I can as well and go through them and hit everybody. Chairman Marshall, was tourism ever an economic option for your area?

Mr. MARSHALL. Tourism in our area is, yes, it is a growth industry. It never replaced the timber industry as an industry, but it is a—

Mr. BISHOP. It can enhance but not replace.

Mr. MARSHALL. I would say that that is true.

Mr. BISHOP. Should the Federal lands adjacent to Indian reservations be designated as wilderness without the consent of the tribe?

Mr. MARSHALL. Well, I will not say without the consent or at least without consideration of the tribe's concerns. We have lived next to Trinity River or, excuse me, Trinity wilderness area since it was designated, and what has been eliminated now is the buffer between the reservation. We had a number of concerns about that area, and we raised them.

Mr. BISHOP. Let me say for both you as well as Mr. Box, I appreciate your testimony. Both of them were right on. One of the problems we face in the forest is simply the fact that we have turned over to the Federal government the ability of doing everything when we used to have private infrastructure that helped with the maintenance of those forests so that if we still have 20 billion board feet of new growth every year and 10 billion board feet of old dead growth, dead trees every year, and the Federal government is only trying to get up to 3 billion, we cannot maintain that without the private infrastructure that you are talking about in both of your areas, and I appreciate your elements with that.

Vice-Chairman Box, can I just ask you about the wages that you do with your energy business, how that compares to other things like maybe the ski industry around Durango?

Mr. Box. I believe that from our energy aspect for our tribe at the least is about 72 percent of what we operate on, 75 percent, and not really too aware of what that would do like with the ski industry in that area.

Mr. BISHOP. OK. Any kind of a comparison to what you guys are paying down there in this industry versus what they are paying for wages up there?

Mr. Box. No.

Mr. BISHOP. Unfair question. Never mind. Let me go on. With what you have been able to do, you have provided schools and scholarships, office buildings, a whole bunch of really good stuff down there. If you had not developed the coal bed methane resources, would you have had any other options to produce that kind of economic opportunity?

Mr. Box. I would believe not, no.

Mr. BISHOP. I appreciate that. Mr. Propst, there was a report that was recently done by your institute that said over 600,000 people visited the grand staircase Escalante Monument. We checked with the county commissioners in those areas. They were dumbfounded with the assertion. So what I wanted to find out is what was the basis you used for that number, and why were you so wrong?

Mr. PROPST. I would have to—in fact, I will. I will do the research on that and report back to you. I do not have the answer to that on the tip of my tongue right now.

Mr. BISHOP. The third premise that you established I liked because it talked about diversified economy was the basis of what would happen in the future, that all different types of jobs have to be there. When I started this first hearing, I came up with the concept of education funding. So I am going to ask you again, how do you fund my schools?

And I will give you a perfect example. Park City is one of the fastest growing recreational areas in the United States as well as in my state. They are doing a lot of good things. A lot of growth is going on there, a lot of construction, yada, yada. However, 25 years ago, 30 years ago when I first started in the legislature, we had a recapture program for our education funding, which means if a community could actually generate more property tax than what the state put as the minimum, we would recapture that and spread it throughout the rest of the state.

We recaptured while the oil industry was going well in Summit County, Park City. We no longer recapture. We are now still trying to subsidize even though this is the new economic growth. So I will ask you the same question I was hoping that others would come up with. How do you fund my schools adequately?

Mr. PROPST. You ask a very important question. Funding for education I think is the key to future economic prosperity in the west. It is a challenge with Federal lands. It is a challenge with the state trust lands in the western states to generate a meaningful amount of revenue given the economic growth we have. Our society, our

western states are quite good at taxing resource extraction. That goes back I think to the progressive area.

We have not learned how to tax well what has replaced resource extraction in many communities. That is tourism. It is interesting to see communities. Moab, Utah is a great example.

Mr. BISHOP. Well, let me interrupt you just for a second.

Mr. PROPST. Yes.

Mr. BISHOP. I apologize for that, but I am looking at this clock going down here.

Mr. PROPST. Sure.

Mr. BISHOP. It is true what you are trying to say. We do not tax well the tourism industry because that is not where the value is.

Mr. PROPST. That is right.

Mr. BISHOP. If you have a job in mining or oil, you are doing three times as much money as you are doing for a job.

Mr. PROPST. Right.

Mr. BISHOP. You have three times as much money coming in in income tax than you do from tourism.

Mr. PROPST. Agreed.

Mr. BISHOP. You cannot do it with tourism alone, and I am sorry. We just hit the red light there.

Mr. PROPST. I agree you cannot do it with tourism. The challenge is how do we move that economy from tourism like Moab is trying to do to a diverse more mature economy that includes finance and engineering? It is interesting that Moab no longer spends as much on—and I want to make sure I have my numbers right. They are doing less advertising for tourists and more advertising showing their mountain biking and their river running and hunting to attract people with those higher-paying professional jobs. That is the transition that we need.

Mr. BISHOP. And that is what gets me frustrated is—I cannot say hell in here, can I? That is what gets me frustrated because I spent 16 years in legislature trying to balance an education funding formula, and I realized that what they are doing still does not equate to the overall economic picture and does not equate to the education funding. I cannot do it.

But I get one mine down in San Juan County, and I can do three times the amount of effort as I can for all the tourism that is coming into Moab. It is nice, but it cannot replace what we need to have in a very strong, diversified, that has a very strong mining and mineral base and manufacturing base. So I appreciate what you are doing. I appreciate the testimony you gave as far as the forest and what you are doing and the communication. That is extremely important. Everything you said is wonderful, Professor. How are you? Nothing. Never mind. I have the questions in for everybody.

Ms. NAPOLITANO. Thank you. Mr. DeFazio.

Mr. DEFAZIO. Thank you, Madam Chair. I am sorry that I could not hear the entire testimony of this panel. I had a number of constituents I had to meet with, but particularly to Mr. Vaagen, I am very interested in the experience in the coal bill and want to congratulate you and other community members for having made some substantial progress there. I note with interest that you are saying right now you are selling 35 million. Your coalition has

identified an area in need of responsible management that can support 80 million board feet annually. What is the holdup?

Mr. VAAGEN. It looks to be the agency. It is interesting that you brought that up because we are at 35, and that is probably being generous. We identified through a program I believe that was developed at the University of Washington called Land Management Systems, and you put a series of inputs in there, and it cranks out an output. Eighty million was the low. It was 80 to 102 million, and it was a scientific process with the environmentalists that are part of our coalition that developed this.

Our local forest leadership group came back and said, well, we think we can do 60. So I do not understand the disconnect. I am diligently working on that. I spend a lot of time over at the Forest Service building trying to get answers.

Mr. DEFAZIO. Well, I would like to be helpful in trying to get to the bottom of that because, I mean, the Colville is maybe a little different than the backlog inventory the Forest Service talks about, but they are talking about six billion board foot backlog of commercially viable timber backlogged for reforestation thinning, west side of Oregon and Washington. Now the Colville is a little different case. You have more of the fuels issues and that there.

On these sales, I am not as familiar with the conditions on the Colville as some of the west side forests. Are these sales, I mean, are they break-even sales, or is there a cost to the Forest Service?

Mr. VAAGEN. OK. You are asking break even for my company, or you are actually asking break even for the Forest Service?

Mr. DEFAZIO. Forest Service.

Mr. VAAGEN. The Forest Service sells timber on the Colville National Forest, and I do not know of any sales recently that have been deficit sales.

Mr. DEFAZIO. Really?

Mr. VAAGEN. We have a lot of competition there that really speaks to infrastructure. The small diameter four and a half to seven-inch diameter logs command upwards of \$60 a ton. So that is a good price. That is a lot of dollars per load. So you can get a lot of work done. We have constantly wondered why we have not been able to get more work done, especially as we collaboratively develop these projects with the help of the conservation community and others within the local community that think that the project should go on, and every time they get turned back to the agency, they seem to get smaller and more restrictive.

Mr. DEFAZIO. I am curious. There have been no appeals or you know—

Mr. VAAGEN. If I could present a little anecdote. There was one project in particular that had a bunch of lodgepole pine on there and, silviculturally, lodgepole pine is seen in many areas as being a weed species. Therefore, it needs to be replaced with another carnivorous species. So there were a couple of projects that were started prior to our coalition getting involved. So we did not collaborate from the get-go. So we said, well, we just will not call those a collaborative project, but we will stay in touch.

Some of the conservation groups came in and looked at the project lay out of the Forest Service and said, we are going to appeal this and litigate it if you continue on this path. The president

of our Forestry Coalition, which is a forester for my company, was called and brought in as an intermediary between the agency and an environmental group to solve the problem, and we solved the problem, and it is now moving forward as a project and will not be appealed or litigated.

I think that is huge when you think about the implications that an industrial forester came in and solved the problem between environmentalists and the Forest Service.

Mr. DEFAZIO. Well, I am very intrigued, and I am going to ask staff to follow up on why we cannot achieve some of these larger numbers particularly if it is not an issue. I mean, what I hear a lot of times down my way is, well, we are losing money on those sales, and so we cannot do any more of them, and that is one thing, and I can understand some budget realities. But if they are break-even or even marginally profitable for the Forest Service, I would not understand why they would not want to achieve the higher numbers since you are dealing both with fuel reduction and economic activity.

One other quick question, and again in your testimony, you talk about size and years. This is something that I have had a number of people raise with me, saying if you could do some of these projects that would provide more certainty, that is, over say a 20-year period, we could get some investment into some of these rural counties for infrastructure to utilize that project or that product. I mean, is 10 years enough or would 20 years?

Mr. VAAGEN. I believe that the stewardship contract authority is 10 years is the maximum length currently.

Mr. DEFAZIO. Right. We could theoretically change that.

Mr. VAAGEN. Yes, absolutely.

Mr. DEFAZIO. Do you think that would engender some additional investment or better projects?

Mr. VAAGEN. I think it might. I think it is very critical that the investment be local business as well. I think that historically we had a lot of businesses that came in that bought companies and sawmills and small towns, and then when the going got tough, they left town. When you have a company like ours that is locally owned, you stick through the hard times. So I think if we are going to redo that and they are going to put out projects that influence investment locally, we need to make sure that it is incentivized locally and we follow the SBA program to give incentives to those local community businesses to thrive.

Mr. DEFAZIO. OK. Those are excellent suggestions, and I appreciate your testimony.

Mr. VAAGEN. Thank you.

Mr. DEFAZIO. And I also appreciate the other members of the panel. My time has expired. Thank you, Madam.

Ms. NAPOLITANO. Thank you, Mr. DeFazio. Mr. Flake?

Mr. FLAKE. I know the vote is on, so I will be brief. Mr. Propst, in your testimony, you talk about the west kind of being a magnet now for knowledge economy and talk about the importance of public lands to drawing that knowledge economy. Around the rest of the country, I am just wondering how you draw that correlation. Where would you consider in the United States what specific urban areas or rural areas have kind of a knowledge economy?

Mr. PROPST. Well, around the country, probably most concentrated around the universities. In the west, Tucson, Phoenix, Boulder, Colorado. The places where we have made the significant investment and then the economic development tends to cluster around that.

Mr. FLAKE. You kind of draw the correlation between public lands here. Public lands are proving themselves to be the foundation for economic prosperity in a changing global economy as an alternative I guess to the boom and bust of resources economy.

Mr. PROPST. As an alternative, perhaps it is not so much an alternative I think as an evolution. It is a continuation of a maturing economy. In the research we have done—and I have brought copies of the publication where we could get into more detail—looking at western communities, and we analyzed all 411 counties in the west, three factors rose to the top. One was the proximity of protected public lands, and that is not only your well-known Yellowstone National Park and Grand Canyon. That is also your lesser well-known units like the BLM units in the National Landscape Conservation System. So proximity to public lands correlates.

Two is the educational attainment level of local residents correlate. That has a lot to do with capital, and the third is access. As an organization that is interested in conservation, this is definitely a two-edged sword, but proximity correlates strongly with an airport that has at least say 25,000 enplanements a year. It has to be where people can come and go and they can live in the I-70 corridor, but they have reasonable access to Los Angeles or Denver.

Mr. FLAKE. Well, we have the situation in Arizona where we have roughly 50 percent Federal ownership, and then you have the state ownership, BLM land. I mean, we are about 87 percent publicly owned.

Mr. PROPST. Right.

Mr. FLAKE. You understand the difficulties and the burdens that places on local communities to try to have infrastructure, schools and whatever else with such a small tax base, but when I look around the country, I see knowledge economies. Austin, Texas, is always talked about. Texas has very little public land.

I think it has to do more with what you do with private land or small pieces of publicly owned land. It does not require half the state be owned by the Federal government. There are burdens that make it very difficult for local communities, and I was just wondering if that is where you were going with that and how sustainable it is to simply rely on the knowledge economy and move away completely from a resource-based economy.

Mr. PROPST. I would not suggest that in the west we should or we are moving away completely from a resource economy. I think that is an element of it and will be. I am also not suggesting that public lands are the only way to build a diverse, mature economy that includes professional services and knowledge and high tech and so forth, but it is the competitive advantage that the west has is to attract that fly fisherman or fly fisherwoman who is tied into the broader economy through professional services, finance, real estate, whatever the case may be but as Governor Schweitzer said values that proximity to clean, high quality cold water.

Mr. FLAKE. Thank you.

Ms. NAPOLITANO. Thank you. We have votes already upon us, but I would like to end this hearing—I am sure Chairman Rahall would love to be here—but I hear loud and clear and I am sure some of us are very well-aware of the implications of that growth potential in the west, especially as Congressman Flake was indicating the infrastructure it is going to take to be able to sustain that new migration if you will.

Education has got to be a key for all of us, especially Native Americans. That has for decades been an area where we are falling behind, and I think it is incumbent upon us to ensure that we pass that along to others and then as we are building these new communities to ensure that they are being greened. The alternative fuel delivery systems, whatever the issue is, there are many of them.

I do not want to go into it right now because we have to leave, but I thank the panel for being here. I will leave I believe it is 30 days for input for questions and additional testimony you may wish to put before this Committee. Yes, Mr. Bishop?

Mr. BISHOP. I would ask unanimous consent to insert into the record this Congressional Research Service Report on wages.

Ms. NAPOLITANO. Without objection, so ordered. And unless the panel has any last thoughts, we will adjourn this hearing. Thank you.

[Whereupon, at 12:55 p.m., the Committee was adjourned.]

[Additional material submitted for the record follows:]

[A statement submitted for the record by Hon. Cathy McMorris Rodgers follows:]

Statement of The Honorable Cathy McMorris Rodgers, a Representative in Congress from the State of Washington

The Oregon Trail, starting in the mid 19th century, helped shape the American West. It helped to expand our nation and start the great migration that has developed the West and Northwest into what it is today. My ancestors arrived in this region in the early 1850s and were some of the first pioneers of the Trail. This arrival started what has been a long family agricultural tradition in Eastern Washington.

In the West and in Eastern Washington, we are proud. We are proud of our ancestry, our heritage, our land and the resources we are entrusted to preserve and protect.

Today our focus is on how the West is changing. Our agriculture and resources industry in Eastern Washington has faced some pretty times over the past few years. It is devastating every time I hear of another farmer having to sell or discouraging his kids from following in his footsteps. Tight margins, failing safety nets, and fuel and fertilizer costs that have doubled have made it difficult for many of our farmers to survive. It was heartbreaking to watch the Vaagen Brothers mill close in Republic in 2003. In a town of 950 people the mill employed 250 at its peak, when it closed it laid off its last 87 workers. This is not an easy situation to bounce back from. These stories have become too common throughout the West.

Yet there are new opportunities on the horizon. Opportunities that can help our agriculture and resources industry become vital once again. New technologies and research in renewable energy has the potential to help bring these industries back to the national forefront.

We live in a resource rich country and we should not be strangling ourselves economically by not utilizing the resources we have been given or putting them off limits. As is too often the case with environmental issues, politics instead of science is setting the terms of the debate. All of us are environmentalists, but the key difference is how we seek to accomplish environmental protection. I believe that market incentives and science should be the basis of policy.

A healthy, well managed forest is an incredibly productive and constantly renewing resource. The power of a healthy forest means bio-refining for newer and cleaner

energy sources. It means healthy wildlife habitat. Clean air, clean water. It means reduced risk of catastrophic wildfire hurting our homes and our communities. It provides the timber and paper products we need. And it is sustainable—a well managed forest will be around forever.

A diseased, bug-infested forest leads to wildfires. The latest example in Eastern Washington was the Tripod Complex Fire, which burned over 200,000 acres last year on the Okanogan National Forest. The cost to suppress the fires was \$100 million and is likely the costly fire in Washington state history. The damage to the tourism-based industries was significant for Northeast Washington. Outfitters lost an estimated \$30,000 in revenue and many snowmobile, hiking and horse trails will not be available for use by local residents or tourists.

To add insult to injury, only 1.5 percent will be salvaged from the total area burned on this fire. Even this small amount is being challenged because according to environmental groups, this salvage is too much—1.5 percent is too much. These are the same groups that stopped attempted sales to harvest dead and dying trees in some of this same area in the 1990s when it was still considered a valuable resource. Endless lawsuits have crippled the timber sale program and timber sales are the primary tool for vegetative management with new tools existing in hazardous fuels reduction and stewardship contracting. For decades, the annual Forest Service sale program averaged around 11 billion board feet, while today it sits at just over 2 billion board feet.

Our western water and power infrastructure and the irrigated agriculture it serves remains important for Eastern Washington and all of America. By recognizing the value of irrigated agriculture, creating an environment where an adequate degree of certainty exists, and by respecting commitments upon which investments have been made, we can together solve the water issues that today seem so insurmountable.

In 1948, the Columbia Basin Project began transporting Columbia River water by canal to more than 600 thousand acres on farms in central Washington. Major irrigated crops include alfalfa, potatoes, mint, beets, beans, orchard fruit, and wine grapes. In fact, Washington is the second largest premium wine producer in the United States. It made a barren and dry land into a bountiful and transformed one of the most productive wheat producing areas in the United States.

The dams on the Columbia and Snake rivers, which provide clean, renewable, inexpensive and efficient electricity for the Northwest, add greatly to the Pacific Northwest's quality of life in a variety of ways. Dams control flooding, provide irrigation for our farmlands, add millions of dollars to the Northwest economy through navigation and transportation, attract new businesses, and create recreational opportunities for local residents and tourists.

With farming, ranching, and logging come open spaces, recreational forests, and beautiful views. Without them, we end up with subdivisions. In our quest to protect the environment we imposed regulations that killed our rural industries. We have created a more protected environment. Unfortunately, we have also increased the cost of doing business in the resources industries, pushing many farmers, ranchers and loggers to "exit the market."

Professor Mathew Manweller at Central Washington University summarized it well when he wrote, "Here is the irony. Activists who once crusaded against loggers, ranchers and farmers are now the same people who are expressing shock over the decreasing rural nature of Washington state. Refusing to accept they are the cause of this long-term change, they seek an easy scapegoat. The simplistic blame developers. The ignorant blame inattentive county commissioners and the clueless blame free trade. Such people are misled by the mistaken belief that we are running out of farm or ranchland, when in reality we are simply running out of farmers and ranchers."

We all share a common goal for a vibrant West and a strong rural community. Where we differ is how we measure our success and achieve that goal. I am confident that by coming together we can strengthen and ensure an agriculture and resources industry in the West for generations to come.

[A letter submitted for the record by The Honorable Bill Sali from Governor C.L. "Butch" Otter, State of Idaho, to Chairman Rahall dated February 28, 2007, follows:]



C. L. "BUTCH" OTTER
GOVERNOR

February 28, 2007

The Honorable Nick J. Rahall II
Chairman
Committee on Natural Resources
U.S. House of Representatives
1324 Longworth House Office Building
Washington, DC 20515

Dear Chairman Rahall,

On behalf of the State of Idaho, and the people who value our lifestyle and their traditional resource-based livelihoods, thank you for the opportunity to enter a statement into the record for this hearing on the "Evolving West."

It's important to put "evolving" in context. The usual connotation evokes gradual change resulting from natural influences of environment and circumstance. However, there is nothing gradual or natural about change in the West.

Most of the challenges facing such resource industries as agriculture, timber and mining in Idaho and throughout the West are the result of federal government policies that unreasonably restrict access, over-regulate activity and discourage sustainable growth.

From neglectful absentee land management that supplants local stewardship to on-the-ground environmental myopia, federal programs routinely provide disincentives to progressive collaboration. In a single generation they have changed much of the West from America's gilded hope for independence and self-sufficiency to a gilded collection of servile sycophants hopeful only for another round of government largesse.

Now some promote a "New West" that relegates resource industries to the status of historical relics. It is a self-fulfilling prophecy from those who urge even more federal control over our region's resources in the name of environmental urgency or modern realities. They blithely, yet earnestly, disregard the real people and real communities that were established and nurtured by previous pendulum swings in national priorities.

Make no mistake: Tourism, technology and even service are important and growing segments of our economy. They are adding to the diversity and vitality of Idaho and the West. However, they are no panacea for a region inhabited by people who have a special connection with the land, who understand their responsibility to it, and who still value self-reliance and individualism.

About 10 percent of Idaho's 1.4 million residents work in the forests, fields and on the land. The combined industries generate nearly \$10 billion a year in receipts. The residual impact generates thousands more jobs and additional billions of dollars.

As a member of Congress representing Idaho's 1st District, and now as Idaho's Governor, I see, hear and experience the resilience of people struggling to maintain their livelihood in resource-based industries every day. These citizens work through burdensome policies and regulations to provide for their families, support their communities and provide valuable products for U.S. citizens and the world.

Eighty-eight percent of Idaho is rural. About 63 percent of our landmass is controlled by the federal government. As a result, and to far too great a degree, we are not the architects of our own destiny. Yet the rugged geography and great size of Idaho – the ironically complementary qualities of remoteness and community – still draw people here.

Those people have used their ingenuity and resourcefulness to supply timber, food and a host of value-added products to the world. And our potential is far greater. If given the opportunity by our federal landlords, the people of Idaho could contribute mightily toward meeting America's future energy needs with home-grown, clean-burning renewable fuels found here in the "Evolving West."

Natural resource industries still provide some of the highest-paying jobs in our state. Counties with healthy timber, mining and agriculture operations have the highest per-capita income. The people working in these industries are conscientious stewards of the resources – relying on sound science and state-of-the-art technology to protect and wisely manage the natural resources for all to enjoy.

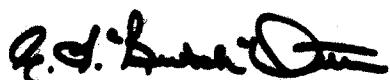
Viewing natural resource industries as "extractive" or "consumptive" gives unjustified short shrift to what made – and still makes – the West a dreamscape of opportunity and hope for people around the world.

The entrepreneurs, workers and families who devote their lives to agriculture, timber and mining have "evolved" with the landscape and the marketplace for generations. Such challenges as energy and transportation costs and reliability are changing their world at this moment.

But those are market-driven changes – issues of supply, demand and geography. Our people, and our way of life, deserve better than to have our government further "evolve" them out of existence.

Once again, thank you for this opportunity to address the topic of this hearing. Please accept my warmest personal regards and best wishes for a successful 110th Congress.

As Always – Idaho, "Esto Perpetua"



CLO/mw

C.L. "Butch" Otter
Governor of Idaho

[A statement submitted for the record by Rollin D. Sparrowe, Theodore Roosevelt Conservation Partnership, follows:]

Statement of Rollin D. Sparrowe, Theodore Roosevelt Conservation Partnership, Daniel, Wyoming

Dear Chairman Rahall: I am writing on behalf of the Theodore Roosevelt Conservation Partnership (TRCP) to offer perspectives on the role of rapid energy development in changing the Rocky Mountain West. TRCP is a national partnership of hunting and fishing conservation organizations working to guarantee places to hunt and fish for future generations. To accomplish that task, we have primary interest in how public lands and public resources are sustained while other uses occur. Without secure habitat and strong wildlife and fish populations, there is no future for hunting and fishing. Our interest extends beyond public lands to adjacent private lands because wildlife knows no borders in their search for quality habitat.

Hunting and fishing—first for food and survival in settling the West, later for pure enjoyment of reliving the experiences of early explorers and settlers in the wild outdoors—is a mainstay of local culture and community in the Rocky Mountain West. I am attaching Backcountry Bounty, Hunters, Anglers, and Prosperity in the American West. Done in partnership with the Sonoran Institute, this document provides economic data on the values of hunting and fishing to the economies of Arizona, New Mexico, Idaho, Utah, and Wyoming and includes references that cover the rest of the states. The report frames these data with the importance of public lands to hunters and anglers, including remaining roadless areas. These wild country values attract hunters and anglers who spend money in local communities—in many cases lifeblood support for local businesses.

Sonoran Institute data indicate that the very presence of wild, protected, public lands enhances the quality of life so that communities with protected lands grow faster economically than where there is no protection. The more protected the lands are, the faster the growth. For example, counties where more than 50 percent of the federal public land is in protected status, such as wilderness, have grown 66 percent faster from 1970 - 2000 than counties where the same percentage of public land has no permanent protective status.

Many influences are at work in the West—drought, housing development, roads, long-term climate change and more. Wildlife and fish populations are widely stressed by the intensity of human pressures—and the arrival of the largest “boom” yet in energy development has added to the stress. If urbanization and road-building need active management to assure that wildlife survive, the frenzy of gas development in the last decade needs management and moderation as much as any influence. While we recognize the economic prosperity that comes with oil and gas, there are important costs.

Huge areas of the most important wildlife habitats occur above oil and gas deposits and direct conflicts may threaten the very existence of hunting and fishing programs as we have known them. In the Upper Green River Basin of Wyoming, rapid gas development activity and dense well spacing have been shown to reduce both wintering mule deer and breeding sage grouse. In the Powder River Basin (PRB) of Montana and Wyoming coal bed natural gas—with its smaller but more numerous wells—has produced water quality and disposal problems. Sage grouse research in the PRB predicts extirpation of grouse unless significant blocks of habitat are preserved. Newly authorized projects of similar size are coming on line in Wyoming’s Red Desert and Colorado’s Roan Plateau and Piceance Basin that harbor one of the West’s largest mule deer and elk populations. Colorado’s North Park and the San Juan Basin in Colorado and New Mexico are expecting new drilling and development, as are parts of Utah in vital mule deer ranges.

The loss of wintering mule deer near Pinedale, Wyoming, has begun to negatively impact mule deer hunting in over 30 miles of the Wyoming Range. A new project at Atlantic Rim, along the Continental Divide near the Colorado border, will have strong negative impacts on hunting, outfitting, bird watching, and traditional outdoor uses. Both areas have been important hunting grounds for world class mule deer.

The very nature of communities is being changed rapidly, with little or no planning. The boom in the Upper Green River area was highlighted in a February 5, 2007, article in the New Yorker magazine (Boomtown Blues—How Natural Gas Changed the Way of Life in Sublette County by Alexandra Fuller) and is a story starting to repeat itself. Baggs, Wyoming, and Craig, Meeker, and Rifle, Colorado, have been small towns with a strong heritage of hunting, fishing, outfitting, and the history that goes with it. President Theodore Roosevelt hunted near Meeker and stayed at the Meeker Hotel. The great conservation President would be aghast at

the mechanized pace of industrialization spreading out into the surrounding public lands he loved to hunt.

One of the things being lost by the pace and pervasive nature of the current boom is wildness. Exploration, well fields, pipelines, transmission lines, connector roads, infrastructure of all kinds is rapidly replacing wildness. Rural residents in ranching country who have been isolated for 100 years suddenly have heavy truck traffic 24/7. The loss of solitude is compromising the quality of fishing and hunting and just living in the area.

Citizens are revolting at the unrelenting pace of development, especially as it enters their favorite wild country. Two groups of citizens have recently formed to call for no more drilling in the Wyoming Range. Colorado hunters have pushed for state legislation to control the decision process—to the extent a state can influence a largely federal process.

Even though huge Western landscapes have as much as 90 percent of public lands already leased, a new thrust of extensive leasing is occurring. Department of Interior Bureau of Land Management (BLM) lease offerings since the election last fall have offered sensitive wildlife habitats, private home sites, stream bottoms, and even historic sites in the Rocky Mountain West. Citizens, hunter and angler organizations, and state wildlife agencies are lodging formal protests, but the list of lease offerings remains large.

Serious public involvement, with lead agencies like the BLM and Forest Service, truly opening up their decision processes to listen to what their public wants, could make a difference. But, that difference requires those agencies to say no to some of what is happening. To enter into truly transparent, public planning processes with development companies and other agencies from a premise of "How do we develop and still assure that fish and wildlife values are sustained?" could make a difference in how projects are implemented. Without this up-front planning, wildlife will continue to be considered an impediment to progress and what is done for wildlife will be reactive, after damage is done.

Sportsmen and women across the nation are speaking out on this issue as they observe the public lands and waters where they love to hunt and fish being affected by energy development. Where energy development is increasing, hunters and anglers are seeing changes in both the numbers and behavior in the fish and wildlife populations they treasure. TRCP believes that these mounting impacts must be addressed by the federal government and energy companies as they continue to expand development on public land.

Hunting and angling cannot be maintained as the social and economic engine they have been for small communities in the West if the fish, wildlife, and habitats that support them continue to be overrun as they have been so far. Our backcountry bounty is in danger, it needs your help and we stand ready to help make its future better.

Attachments

1. "Boomtown Blues," Source: The New Yorker, dated February 5, 2007.
2. "Backcountry Bounty: Hunters, Anglers and Prosperity in the American West," Sonoran Institute, Theodore Roosevelt Conservation Partnership, dated June 2006.

NOTE: Attachments to Mr. Sparrowe's statement have been retained in the Committee's official files.

[A letter submitted for the record by Dick and Connie Wilson, Broadus, Montana, follows:]

Natural Resources Committee Members:

We are writing you in reference to the testimony Mt. Gov. Schweitzer and Pat Williams presented to your committee on February 28, 2007. We believe they gave you a false image of the "Evolving West" they describe, at least from the stand point of ranchers, farmers, irrigators and business people of Southeastern Montana. We were very disappointed the true industry of Montana was not mentioned, AGRICULTURE.

EB Ranch, as many ranches in Southeastern Montana, has a long history. Our ranch was established in 1882 by pioneers Link and Margaret Wilson. By the 1900, Link had built his empire to one of the largest stock concerns along the Powder River owning 1000 head of fine horses, a thousand head of sheep and a small herd of cattle. After the Depression of the late 20's and 30's, the Wilson holdings settled a 25,000 acres of land which they still own. In the 1970's another 2,500 acres were acquired making a total of 27,500 acres. At the present time the third generation of Wilson's call the land home, the fourth and fifth generations are working the ranch and the sixth generation enjoys riding in the tractor with his grandfather.

Ranching has its ups and downs. We have survived drought, grasshoppers, winter storms, low prices and declining interest. We have worked hard, as most ranchers, to keep our lifestyle intact. We all work at other interests so we can keep the lifestyle we enjoy alive and so we can insure EB Ranch stays intact for future generations. It is important to us to keep EB Ranch a thriving enterprise for many more generations. Our forefathers were able to beat the odds, and we will continue the fight.

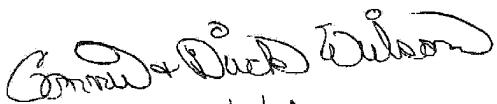
Governor Schweitzer and Pat Williams gave you the description of a thriving economy, growing population and diverse industry when talking about the West. This does not describe Southeastern Montana and Powder River County. We have been in the depth of a drought for the last 10 years. Cattle numbers have declined. No water has made irrigation difficult if not impossible, leaving our hay meadows untouched. With our declining economy, our population is also declining. Our kindergarten has an enrollment of 21 kids for the year 2006-2007 dropping to 6 for the upcoming year. Our young people are leaving. The evaluation of Powder River County has dropped 95% in the last 30 years.

The sad part of this story is Southeastern Montana has an industry to keep our young people home and our economy thriving. That is CoalBed Methane. The opportunity to develop our natural resources has been stopped by our Governor and obstructionists that do not speak for the area involved. Many in Southeastern Montana want CBM production and the benefits it can bring our towns, counties and state. We feel development can be done without harming our land, air, water, wildlife or heritage. We want to be able to use the water produced by CBM development on our ranches. We will put it to beneficial use to make our ranches more productive. We believe in our private

property rights. This land has been in the Wilson name for 125 years. We want to be able to continue to decide what is best for our land and our future.

When considering the image Gov. Schweitzer and Pat Williams gave you of the "Evolving West" please consider the image of the ranchers, farmers, irrigators, the mainstay of Montana working against all odds to stay on our land. We want to be able to continue to be part of present Montana and not its history. Without development of the natural resources in Southeastern Montana and the benefits from it, AGRICULTURE could become a part of Montana's past.

Dick and Connie Wilson
EB Ranch
Box 344
Broadus, Mt. 59317


3/8/07

NOTE: The CRS memorandum dated February 1, 2005, on "Wages of workers in the mining and tourism industries" submitted for the record by The Honorable Stevan Pearce has been retained in the Committee's official files.

NOTE: A report submitted for the record by The Honorable Rob Bishop entitled "Living Wage Jobs in the Current Economy: 2006 Northwest Job Gap" by Dennis Osorio, Will Pittz and Gerald Smith, Northwest Federation of Community Organizations, has been retained in the Committee's official files.

